



PUBLIC TRUSTEE OF THE ACT
ANNUAL REPORT 2013 – 2014





PUBLIC TRUSTEE
FOR THE AUSTRALIAN CAPITAL TERRITORY

ANNUAL REPORT

2013 – 2014



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A. TRANSMITTAL AND FOREWORD

TRANSMITTAL CERTIFICATE



**PUBLIC TRUSTEE
FOR THE AUSTRALIAN CAPITAL TERRITORY**

**PO BOX 321
CIVIC SQUARE ACT 2600**

When Replying
Please Quote:

Telephone: (02) 6207 9800
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13 August 2014

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 2014*.

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 2013-2014 Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of Annual Reports by the Public Trustee for the ACT.

I hereby certify that the 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 2013 to 30 June 2014 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 Public Sector Management Standard, Part 2.

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

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221 London Cct, Canberra ACT 2600
www.publictrustee.act.gov.au
ABN 45 801 644 305

PUBLIC TRUSTEE'S FOREWORD

I am pleased to present the Annual Report of the Public Trustee for the ACT for 2013-14.

Much of the Public Trustee's interaction with the community occurs at unfortunate times in people's lives. It is difficult for a person to hand over control of their financial affairs to another on the order of a judicial body.

The United Nations Convention on the Rights of Persons with a Disability (UNCRPD) promotes equal recognition before the law and supported decision-making for all people with a disability, including people with an intellectual disability. It is a Public Trustee's role in undertaking a financial management role for persons with a decision-making disability to continually balance the level of intervention. A new concept, "supported decision-making" enables people with a cognitive disability to make decisions themselves about their accommodation, lifestyle and health. They do this with supporters, who give information and talk through options and consequences before a final decision is made.

The concept has been successfully trialled in South Australia and the Public Trustee will form part of a working group to establish a similar model in the ACT. If successful, it is expected that this will fill a well-needed gap in the provision of financial management services by the Public Trustee, providing assistance to the person in making decisions and working with them towards financial decision-making independence.

PTACT's success in dealing with such difficulties is largely attributable to the compassionate and vocational approach of its staff, evident through low levels of complaint, declining referrals to the ACT Ombudsman and a significant level of positive feedback from clients and their carers.

During the past several years we have focussed upon developing our approach to risk by strengthening controls, training staff in fraud awareness and acquiring better tools to equip us to analyse data. We revised our approach to our significant property management portfolio, creating a dedicated position of Property Officer, effectively creating separation between the duties of Trust Officers and property transactions.

Similarly, our acquisition of TACTICS software enabled us to develop metrics to simultaneously analyse data held in disparate systems for inconsistencies and irregularities.

In January 2014, these measures enabled PTACT to identify and investigate a number of irregularities in client financial accounts maintained under Enduring Power of Attorney and under order of the ACT Civil and Administrative Tribunal (ACAT). Whilst the discovery has understandably shaken the office, the irregularities have been dealt with swiftly and are currently the subject of ongoing investigation by ACT Policing and KPMG Forensic. Two staff members have been suspended pending disciplinary action.

Following this discovery, PTACT wrote to clients potentially affected by the irregularities and responded to all subsequent calls. A significant number of callers acknowledged the difficult work that we do and the sensitivity, respect, tact and discretion exercised in our work. Many callers said that they were thankful to have the Public Trustee in their lives.

Our ongoing concern is to resolve the matter, to reimburse clients fully in respect to any losses and to ensure that the community continues to maintain its faith in the Office of Public Trustee.

In September 2013, following amendments to the *Official Visitor Act 2012*, the Public Trustee was appointed as Chair of the Official Visitors' Board. In addition to the centralisation of administrative arrangements, the establishment of the Board achieves an important degree of separation between Official Visitors and Operational Directorates. Amendments to the Act provided the necessary degree of independence for Official Visitors to carry out their inspection functions at arm's length from the Directorates charged with the administration of the facilities within which they have inspection functions.

The Board has an administrative perspective and has no involvement in the day-to-day activities of Official Visitors making them truly independent in the conduct of their responsibilities.

We have continued our focus on improving ICT resources in the ongoing interests of cost-efficiency and best practice. During the year, replacement software "Taxation Assistant" was acquired and implemented, aimed at better managing our significant income tax portfolio. We expanded our Electronic Document and Records Management System (EDRMS) by capturing the increasingly voluminous records associated with the tax portfolio. We finalised the development and implementation of a replacement Unclaimed Money database and commenced work on an online unclaimed money claims module. We propose to undertake the major task of upgrading our business system 'TACT' during 2014-15.

The Public Trustee continues to place a strong emphasis upon learning and development. This report provides details on the extent of learning and development opportunities provided to our people in the ongoing pursuit of personal development and business capability. Central to this has been the significant investment of time in the Public Trustee's Practice Manual and the establishment of an online Knowledge Base for PTACT staff.

The Public Trustee's Statement of Intent (SOI) for 2013-14 establishes the Public Trustee's goals for the forward year and shaped proposed action and desired results for the year. In that SOI, PTACT sought to undertake its business for that year in accordance with a number of guiding principles -

- Operate as a customer service oriented entity;
- Use benchmarking to ensure best practice and operate efficiently;
- Work collaboratively;
- Satisfy the requirements of the *Financial Management Act 1996*;
- Establish and maintain a high standard of Workplace Health and Safety;
- Provide a productive and satisfying work environment; and
- Deliver on Community Service Obligations.

The Public Trustee's investment and funds management business performed well during the reported period. Funds under management increased from \$293.03M to \$320.7M. In an otherwise uncertain financial market, PTACT's investment activities performed well.

During the year the Public Trustee's Guarantee and Reserve Account was externally reviewed by Professional Financial Solutions on an actuarial basis. The review recommended a prudent

minimum reserve of \$1.149M. The value of the account at the time of the audit was \$2.32M, considered more than sufficient for the risks exposed under the *Public Trustee Act 1985*.

The Public Trustee has undertaken an effective role in the industry through continuing membership of a range of forums both local and national providing an opportunity to work collaboratively. PTACT has an active role, as a member of the ACT Law Society in influencing the development of ACT succession law. During the year a number of important amendments were implemented at the recommendation of the Public Trustee aimed at streamlining the estate administration process. PTACT undertook to represent all Australian Public Trustees in a submission to the Joint Parliamentary Committee on Electoral Matters review into the conduct of the last federal election. The Public Trustee will appear before the committee in this regard later in the year to promote the Public Trustee's case for access to the Commonwealth Electoral Roll.

PTACT again enjoyed a high standard of workplace health and safety. This was evidenced by consistently low Comcare premiums as well as the extremely low rate of reportable incidents.

Staff of the Public Trustee continued to play an active role in the Justice and Community Safety Directorate under the Respect, Equity and Diversity Framework, as member and ambassador on the JACS Reconciliation Action Plan Working Group, as representative of Statutory Office-Holders on the JACS ICT Committee and on the Emergency Coordination Committee (ECC). Public Trustee staff are also active in a number of local succession law, elder law and disability forums.



'Water Dreaming' by noted Aboriginal contemporary artist Sally Clark, acquired for Public Trustee's Reception 2014

In administering the work of the Public Trustee, we embrace ACT Public Service values and signature behaviours of respect, integrity, collaboration and innovation. The dedication by PTACT staff to their work and to their clients during 2012-13 reflects an alignment with PTACT's values both corporately and in the way they go about their work. Two long-serving

Managers, Sue La Peyre and Toni Leiper retired during the reported year. I thank Sue and Toni for their significant contribution to the Public Trustee over their lengthy careers with the office.

GreaterGood ended the year on a high with a corpus of \$13.27M (before distributions), total distributions of \$2.9M, and annual distributions of in excess of \$496,000.

I acknowledge the leadership and support of the Directors-General, Justice and Community Safety Directorate (JACS) - Ms Kathy Leigh and Ms Alison Playford, Deputy Director-General JACS Justice - Dr Karl Alderson, Members of the PTACT Investment Board and the GreaterGood Board as well as independent Internal Audit Committee Chair - Ms Corinne Appleby.

It is my continuing pleasure to work with the excellent staff at PTACT as well as PTACT Investment Board and GreaterGood Board members and I thank them for their continued support and assistance.



Andrew Taylor
PUBLIC TRUSTEE



B. PERFORMANCE REPORTING

B.1 ORGANISATIONAL OVERVIEW

VISION, MISSION AND VALUES

The Public Trustee for the ACT (PTACT) seeks “To be the ACT community’s first choice for trustee services, to deliver value and to consistently exceed client expectations”.

PTACT’s management and staff adopt and demonstrate the ACT Public Service Values and Signature Behaviours of Respect, Integrity, Collaboration and Innovation.

ROLE

The Public Trustee’s role is well defined through legislation and common law. The office is an independent Territory Authority established to provide professional trustee services to Government and the community.

The Public Trustee plays a pivotal role in the ACT Community by acting as an impartial Executor, Administrator, Attorney, Trustee and Financial Manager for those persons requiring our services. The Public Trustee also undertakes roles for government including management and investment of moneys held in government trust accounts, managing confiscated criminal assets, and unclaimed money as well as acting as Chair of the ACT Official Visitor’s Board.

The Public Trustee also has an important role in contributing to the development of Australian trustee industry best practice as well as amongst our Australian Public/State Trustees peers and Guardianship Network agencies. We do this by providing advice to Commonwealth/State and Territory Governments as well as by assisting to develop and maintain appropriate ACT laws.

FUNCTIONS AND SERVICES

As an ACT Government independent statutory office established under the *Public Trustee Act 1985*, the Public Trustee’s services include -

- Will services (preparing and acting as executor)
- Enduring Powers of Attorney services (preparing deeds and acting as attorney)
- Estate Administration (as executor or administrator)
- Trust Administration (under Court damages award, testamentary trusts or deed of trust)
- Financial Management for persons with a decision-making disability
- Funds administration/investment for government and non-government trusts
- Asset management under the *Confiscation of Criminal Assets Act 2003*
- Unclaimed Money - administration under the *Unclaimed Money Act 1950*
- Examination of accounts prepared by private financial managers appointed by the ACT Civil and Administration Tribunal (ACAT)
- Administration of GreaterGood - The Capital Region Community Foundation

- Chair of the Official Visitor's Board established under the *Official Visitor Act 2012* [effective from 1 September 2013]

CLIENTS AND STAKEHOLDERS

As a largely self-funding Territory Authority, PTACT works directly with the ACT community. PTACT also provides investment/fund management services to ACT government and the community. Through GreaterGood, PTACT provides an important means for persons in the community to give back to their community through philanthropy.

Our principal stakeholders include the ACT Attorney-General, the ACT Treasurer, Director-General-JACS Directorate, as well as the ACT community.

We work collaboratively with the Public Advocate of the ACT, the ACT Civil and Administrative Tribunal (ACAT) and the Office of Disability in providing services to persons in the community with impaired decision-making disability. PTACT also works closely with non-government agencies committed to achieving outcomes for intellectually disabled persons to ensure the best result for clients.

Other Australian Public/State Trustees are also stakeholders in upholding and promoting the role of "Public Trustee" as well as the professionalism, ethos and integrity associated with Public Trustee branding generally.

ORGANISATIONAL STRUCTURE, ENVIRONMENT AND PLANNING FRAMEWORK

Organisational Structure

Under the Administrative Arrangements 2013 (No 1), the ACT Attorney-General is responsible for the administration of justice including the *Public Trustee Act 1985* and the *Trustee Act 1925*.

The Public Trustee for the ACT is a corporation sole with perpetual succession. Under S.55 of the *Financial Management Act 1996*, the Public Trustee has responsibilities similar to a Chief Executive Officer of a Territory Authority. The Public Trustee is a Senior Executive in the ACT Public Service and is responsible for the overall administration of PTACT including governance and exercising the relevant statutory responsibilities.

The Public Trustee reports to the JACS Director-General, through the JACS Deputy Director-General (Justice) and has responsibilities to the Chief Minister and Treasury and Economic Development Directorate. In respect to trust matters the Public Trustee is an independent statutory office-holder.

Each of PTACT's four business units Estates/Trusts, Finance, Financial Management Services and Investment/Funds Management is headed by a Deputy Public Trustee who, together with the Public Trustee, form a Management Committee. The Public Trustee is also Chair of the Official Visitors' Board established under the *Official Visitor Act 2012*.

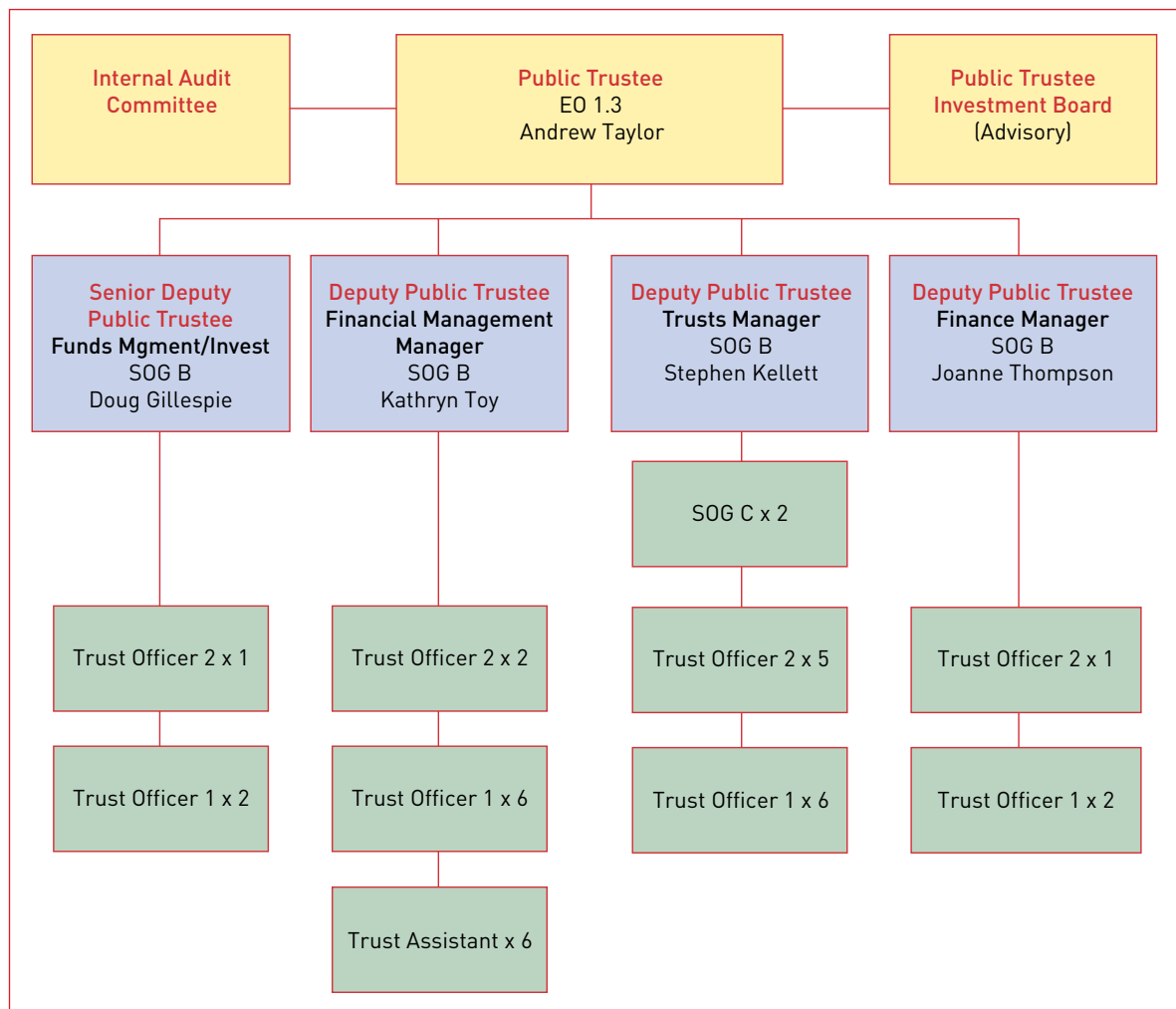
The Public Trustee Investment Board, established under the *Public Trustee Act 1985*, provides investment advice to the Public Trustee. The Public Trustee is *ex officio* Senior Member of the Board.

PTACT's Audit Committee comprises a number of business unit representatives under the guidance of external Chair Ms Corinne Appleby - Finance Manager, ACT Courts Administration.

PTACT does not have the organisational issues of larger Public Trustees. However, given the ACT's geographic size, demography and concentrated population, PTACT delivers services across a more diverse suite of trustee responsibilities.

PTACT has a strong organisational relationship with a number of JACS Directorate agencies and works closely with JACS on matters of common interest including guardianship, judicial, legislative development and review, trust administration and funds management and investment matters. In respect to statutory trust activities however, the Public Trustee has autonomy and independence.

PTACT's administrative structure is set out in the Organisation Chart below -



Environment

The Public Trustee is an independent statutory office-holder and has reporting responsibilities to the Justice and Community Safety (JACS) Directorate as well as the Chief Minister, Treasury and Economic Development Directorate. PTACT's staff are public servants and are employed by the JACS Directorate.

The Public Trustee enters into a Statement of Intent each year with the ACT Treasurer in respect to Community Service Obligation funding.

The Public Trustee is party to a Memorandum of Understanding (MOU) with the Director-General JACS establishing agreement around areas of responsibility between PTACT and JACS. The MOU continues in effect until November 2015.

PTACT's Staff Profile is described in detail under Part E.5 of this report.

Planning Framework

PTACT's Management Committee is the planning and strategic planning body.

A number of planning tools underpin and shape the Public Trustee's planning framework -

- Business Plan
- Statement of Intent
- Business Continuity Plan
- ICT Security Plans
- Fraud, Corruption and Risk Mitigation Plan
- PTACT/JACS Memorandum of Understanding
- Personal Achievement and Development Plans.

The PTACT's Personal Achievement and Development Plans (PADP) are closely aligned with Business Plan strategies and set the direction for PTACT's staff learning and development program.

PTACT's Statement of Intent is an expression of PTACT's budgetary intent and strategic direction for the fiscal year ahead.

As a member of JACSCOM, the Public Trustee participates in the strategic planning and management of the JACS Directorate. The Public Trustee is also represented on the JACS Statutory Office-Holders' Forum (SOHO), the JACS IM/ICT Committee and the JACS Reconciliation Action Plan Working Group. The Public Trustee is JACS Executive Sponsor for Respect Equity and Diversity (RED) and is Chair of the Official Visitors Board.



Public Trustee Andrew Taylor receiving Director-General's Award as JACS Reconciliation Action Plan Ambassador and Member Working Group

As Senior Member of the Public Trustee Investment Board, the Public Trustee is responsible for planning and overseeing investment strategy as well as establishing and varying policy in respect to funds management.

The Public Trustee is trustee for GreaterGood (The Capital Region Community Foundation) and is responsible for the administration and development of the foundation, appointment of board members and strategic direction.

Summary of Performance

A significant indicator of PTACT's performance is the performance of its statutory Common Funds. This is covered more fully under "Funds Management" in Part B.2 of this report.

PTACT's 2013-14 Business Plan identified Key Result Areas and Strategic Priorities as follows. Notable achievements under each Key Result Area include -

Business Development

- Increase volume/value of commercial estate and trust management business (over \$100K)
- Promote and develop GreaterGood by promotion to PTACT and Law Society member Will clients
- Continue to market the Public Trustee's services -
 - held free community seminars during Wills Week 2013 and Seniors Week 2014.
 - sponsored the Silver Screen Film Festival and Life's Reflections Photographic competition focussing on ACT Seniors.
- Independently review client investment profiles in accordance with the Prudent Person Investment Rule and monitor performance of investment managers.

Service Delivery and Client Satisfaction

- Continually review and evaluate performance of Fund Managers -
 - quarterly reports on fund managers from PricewaterhouseCoopers;
 - quarterly monitoring by PTACT Investment Board;
 - independent external review of Guarantee and Reserve Common Fund.
- Continuously develop the PTACT website, maintain and update the PTACT & GreaterGood websites -
 - structural review of PTACT to accommodate Official Visitor function;
 - review of content of existing Fact Sheets and development of further Fact Sheets.
- Implement an Unclaimed Moneys online claim form and register linked to the PACT website.
 - Unclaimed Money database implemented in 2013 bedded down and specification for online claims system developed;
 - new fee determined for processing claims.
- Continuously gauge client feedback through PTACT's rolling customer survey of all commercial clients -
 - 92% clients reported that PTACT met or exceeded their expectations
- Continually provide staff training to enable them to deal with challenging circumstances -
 - PTACT training budget is in the order of \$40,000 or \$1,000 per staff member.
- Continue participation in the ARC Wills Linkage Project -
 - Third instalment paid toward Whole of Australia study into contemporary Will-making patterns in Australia.

Strategic Relationships

- Develop and maintain constructive working relationship with key stakeholders -
 - increase awareness of patronage of Capital Region Community Foundation - corpus grown to \$13.27M;
 - maintain representation of Financial Services Council of Australia - Public Trustee is a member of the Trustee Committee;
 - close co-operation Public Trustees, Financial Planners, Australian Guardianship and Administration Council (AGAC) and Council on the Ageing (COTA) - Public Trustee attended 2 meetings of Public Trustee forum and 2 meetings of AGAC. Public Trustee addressed International Guardianship Congress in Washington in May 2014;

- enhance awareness of the role of the Public Trustee - maintained membership of ACT Law Society, appointed incoming Chief Executive of the Society to the Board of GreaterGood. Institute of Chartered Accountants is represented on Board of GreaterGood;
- maintain continuing relationship with mental health educators - engaged ACT Mental Health to provide training to PTACT staff.
- Sponsored appropriate community activities, participated in Seniors Week and conducted Wills Week.
- Maintained strong relationship with JACS through RED, JACS Reconciliation Action Plan; JACS ICT Committee, Induction training.



Jarad Brown (ESA), Andrew Taylor (Public Trustee), Tracey Whetnall (Tracey Whetnall Consultancy), David Foot (ESA) at the ACT & Region Indigenous Awards 2014

Systems Development and Implementation

- Acquired and implemented Taxation Assist software replacing redundant MYOB AE income tax return preparation and lodgement system.
- Participated in Public Trustee's committee to review Chameleon Will drafting software.
- Developed TACTICS software to enable the production of multi-faceted reports from disparate systems.
- Converted income tax records for past two financial years to imaged records in PTACT's EDRMS system.

- Established "PTACT Knowledge Base" incorporating PTACT's Practice Manual.

Staffing and Capability

- Staff completion of Personal Achievement and Development Plans.
- Promoted principles of RED amongst JACS through Executive Sponsorship and Induction training.
- Significant spending on staff training Refer Part E.2 of this report.
- Provision of Employee Assistance Provider training to all staff at critical times during the year including social welfare training and dealing with difficult situations, behaviour management and debriefing in respect to difficult client matters.

PTACT's performance is measured by the volume of business, the return on investment of client funds, and by client satisfaction and the ability to meet agreed standards and provide professional and efficient services to the ACT community.

INDICATOR	TARGET 2013-14	ACTUAL OUTCOME 2013-14	VARIANCE %	NOTES
Number of current financial management accounts under orders of the ACT Civil and Administrative Tribunal (ACAT)	498	501	0.60	1
Number of active financial management accounts under Power of Attorney and Enduring Power of Attorney	57	48	(15.79)	2
Number of responses to community call outs following death	3	2	(33.33)	3
Number of welfare funerals arranged	3	7	133.33	4
Number of examinations of accounts provided from external managers under orders of the ACT Civil and Administrative Tribunal (ACAT)	470	488	3.83	5
Number of deceased estate administrations completed ← \$100,000	46	33	(28.26)	6
Number of deceased estate administrations completed → \$100,000	72	47	(34.72)	6
Number of trusts held under legal disability ← \$100,000	385	340	(11.69)	7
Number of trusts held under legal disability → \$100,000	51	56	9.80	7

INDICATOR	TARGET 2013-14	ACTUAL OUTCOME 2013-14	VARIANCE %	NOTES
Wills	740	752	1.62	8
Percentage of expenditure over total income	98%	97%	(1.52)	9

Notes

1. The number of clients under ACT Civil and Administrative Tribunal (ACAT) Orders was higher than expected due to the appointment of the Public Trustee as manager of last resort.
2. The number of active Enduring Powers of Attorney was less than expected in 2013-14 due to death and transfer of clients to ACT Civil and Administrative Tribunal orders.
3. The number of call-outs by ACT Policing following death is dependent upon the ability of ACT Policing to contact/find known family members. Public Trustee involvement is usually as a last resort.
4. The number of welfare funerals arranged varies with level of funds of deceased persons and the ability of the Public Trustee to contact known family members upon a person's death.
5. The number of accounts examined is reliant upon external managers providing accounts to the Public Trustee on an annual basis once contacted by the ACT Civil and Administrative Tribunal.
6. The number of finalised deceased estates being administered by the Public Trustee that have a value of less than, or more than \$100,000, is dependent upon the number of people who die having the Public Trustee appointed as executor, the number of people who die intestate as well as the level of assets at date of death.
7. The number of trusts with a value of less than, or more than \$100,000, depends upon court awarded settlements. Changes to legislation and court nominations affect the number of clients being administered by the Public Trustee.
8. The number of requests for new and changed wills is greater than anticipated due to a higher demand for will services. The increase in will making services is due to marketing strategies, community education and the quality of customer feedback.
9. Income has increased. The increase is due to a transfer of funds to the Public Trustee from three ACT Government Agencies in relation to the administration of the Official Visitors Scheme. Also, the Public Trustee made a successful claim on a fidelity policy held with the Australian Capital Territory Insurance Authority in relation to irregularities found in client accounts. Overall, income has increased over budget by 34.5%.

Expenses have also increased as there were costs in relation to the administration of the Official Visitors Scheme and the investigation of irregularities found in client accounts. Expenses have increased over budget by 32.5%.

As a result the percentage of expenditure over income is higher than the 2013-14 target.

Outlook

PTACT's outlook for the forthcoming year is optimistic. During the year, two senior PTACT Managers retired, creating opportunities for advancement of developing staff.

KPMG Forensic was engaged during the year to undertake a review of controls associated with PTACT's Fraud, Corruption and Risk Mitigation Strategy. The report prepared by KPMG will be implemented by management during 2014-15 creating a more robust and resilient risk environment.

The introduction of the National Disability Insurance Scheme (NDIS) as well as the Commonwealth's revised arrangements for persons entering residential aged care have the potential to dramatically change the environment within which PTACT provides services for persons with disabilities as well as aged persons.

Our aim is to ensure that PTACT continues to provide professional, accessible trustee services to the community and government.

We will continue to invest strongly in our staff to improve opportunity and capability. Technological advancement will again be a focus to maintain pace with workloads and reduce costs. The acquisition of the latest version (V.7.3) of the TACT (trust accounting software) will enable PTACT to access a number of new tools in our quest to strengthen controls and streamline processes.

Our focus will again be on providing value and enhancing our strong reputation in the community. We look forward to our continuing development of a respectful, equitable and safe workplace free of discrimination; and we will strive to actively contribute to and influence our industry, Directorate and Government.

B.2 PERFORMANCE ANALYSIS

(Refer also to B.1 above).

The Public Trustee is well-placed to provide quality and value in trust services to the community in the medium and long term. The Public Trustee provides its services at minimal cost to government. The small Community Service Obligation grant of \$473,000pa to assist the needy in the community to access our services is highly subsidised by our commercial undertakings. The Public Trustee has never sought an increase in CSO funding preferring instead to bridge the ever-widening gap between demand and supply by building business levels and capability.

Our performance in brief is as follows -

- Operating surplus for the year ended 30 June 2014 was \$182,547, higher than the budget estimate \$90,000 and a decrease of \$124,558 over the previous year.
- Expenses for the year were \$7,510,803 compared to \$4,733,881 in 2012-13.
- Funds under Management increased from \$293.03M to \$320.7M.
- Wills drafted increased from 743 to 752.
- 80 Estates completed at a value of \$29,530,309.47 compared to 91 Estates at a value of \$41,312,721.72 for the previous year.
- Money held in Government Trust Funds was \$164.3M compared to \$161.5M in 2012-13.
- GreaterGood assets increased from \$11.4M to \$13.27M.
- 92% of customers surveyed stated that PTACT met or exceeded their expectations compared to 99% for the previous year.

FUNDS MANAGEMENT

Funds management continues to be the cornerstone of PTACT's business undertakings. PTACT operates five asset sector statutory common funds to accommodate varied client investment requirements. PTACT's investment strategy provides investment clients with income, growth and security through diversification.

At 30 June 2014, PTACT had funds under management of \$320.7M. Client moneys are generally invested through PTACT's common funds in accordance with the "prudent person investment principle" established under the *Trustee Act 1925*. This enables PTACT to offer tailored investment portfolios giving clients potential for a mix of capital growth, income returns and tax effectiveness. The *Public Trustee Act 1985* permits PTACT to take advantage of tax benefits accruing to trust clients by investing funds into superannuation where appropriate. Client (non-government) moneys held in these funds increased from \$131.53M in 2012-13 to \$150.4M in 2013-14.

Common Funds

Performance in PTACT's five asset sector Common Funds during the reported year was -

Cash Common Fund

PTACT's internally managed cash funds are invested in a range of bank and non-bank financial institution deposits, notes and bills of exchange. Interest returns vary with the market cash rate. At 30 June 2014, the interest rate was 2.55% (down from 3.00% at 30 June 2013) and the fund size was \$77.7M, up from \$69.96M held at the end of the previous year. The cash rate was reduced throughout the first half of the financial year as a result of rate cuts made by the Reserve Bank of Australia, however PTACT held sufficient long-term bank securities that postponed the passing on of these rate cuts to clients and remained steady at the current rate from February onwards.

Australian Equities Common Fund

An externally managed portfolio of Australian stocks. Funds under investment total \$26.65M, compared to \$26.14M at 30 June 2013.

International Equities Common Fund

An externally managed portfolio of non-Australian stocks. At 30 June 2014, \$12.55M had been invested compared to \$11.35M at 30 June 2013.

Australian Fixed Interest Common Fund

An externally managed portfolio of corporate and government bonds and floating rate notes. Funds under investment at 30 June 2014 were \$24.12M compared to \$18.42M at 30 June 2013.

Australian Listed Property Trust Common Fund

An externally Managed Property Security Fund invested in listed property trusts across retail, industrial and commercial sectors. Funds under investment at 30 June 2014 were \$5.96M compared to \$5.19M at 30 June 2013.

The following table sets out the comparative performance of the Australian Equities, Fixed Interest, Listed Property, International and Cash Common Funds over time.

The following table sets out the comparative performance of the Australian Equities, Fixed Interest, Listed Property Common Funds over time.

PERFORMANCE (ENDING 30/06/14)	3M	6M	1Y	3Y	5Y	10Y	INCEPTION
Australian Equities Common Fund	-0.58	0.82	15.39	9.65	10.16	8.34	6.44
Fixed Interest Common Fund	3.01	3.40	4.73	6.39	5.70	5.46	5.35
Listed Property Trusts Common Fund	9.41	11.64	11.21	14.54	12.58	0.98	3.21
International Equities Common Fund	4.88	6.25	19.96	14.38	16.19	N.A.	7.37
Cash Common Fund	0.64	1.27	2.73	3.76	4.00	4.62	4.53

INVESTMENT STRATEGY

PTACT's Investment Strategy is guided by its Investment Board with quarterly reports and recommendations by external asset/markets consultant PricewaterhouseCoopers, in accordance with recommended objectives. The strategy is designed to maximise investment performance and overall return for a client's investment portfolio and is reviewed on a 5-yearly basis. The strategy was last reviewed in 2011 taking into account risk, return, diversification and liquidity and was reported to be realistic and achievable.

Objectives

PTACT's investment objectives are particularly useful for -

- setting investment strategy;
- giving clients some idea of what to expect from their investment; and
- assessing the performance of the portfolio in achieving its investment goals.

The following issues are considered in setting investment objectives -

- Level of dependence upon investment income for day to day living expenses;
- Risk of loss objectives reflect the likelihood of the portfolio losing money in a year; and
- Targets for a total return reflecting both income and capital growth.

Risk models

The Common Funds act as vehicles for the investment of client funds in asset allocations that reflect individual risk profiles. PTACT operates four risk models where clients with

compatible risk profiles are grouped for investment in asset allocations designed to address their needs.

Growth Model Portfolio

The Growth Model seeks 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 was 12.73%.

Balanced Model Portfolio

The Balanced Model seeks 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 was 10.53%.

Income Stable Model Portfolio

The Income Stable Model seeks 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 was 7.45%.

Capital Stable Model Portfolio

Accounts requiring capital stability 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 returned an average of 2.73% during the year, and closed at 2.55%.

The following table sets out the comparative performance of the Public Trustee's Risk Models.

PERFORMANCE (ENDING 30/06/14)	3M	6M	1Y	3Y	5Y	10Y	INCEPTION
Capital Secure Risk Profile	0.64	1.27	2.73	3.76	4.00	4.62	4.53
Income Stable Risk Profile	2.10	3.18	7.45	7.34	7.44	6.29	5.84
Balanced Risk Profile	2.36	3.33	10.53	9.01	9.14	7.43	6.40
Growth Risk Profile	2.45	3.65	12.73	10.19	10.48	7.96	6.54

SERVICES TO GOVERNMENT

Government Trust Moneys

By Instrument made under the *Financial Management Act 1996*, all trust money and other non-public money managed by ACT Government Directorates is required to be invested with the Public Trustee.

Performance reporting in respect to non-government individual trust accounts is a matter between the Public Trustee and the client. PTACT invests these funds in accordance with fifteen principles that make up the 'prudent person investment principle' in the *Trustee Act 1925* and returns a dividend to the particular account minus fees.

Government funds held at 30 June 2014 amounted to \$164.3M compared to \$161.5M at 30 June 2013 in respect to the following accounts –

- ACT Civil and Administrative Tribunal
- ACT Health
- ACT Health Ethics Committee
- ACT Procurement Solutions
- ACT Planning and Land Authority
- Agents Act Consumer Compensation
- Canberra Cemeteries
- Confiscated Assets Trust Fund
- Default Insurance Fund - Uninsured Employer Fund
- Default Insurance Fund - Collapsed Insurer Fund
- Motor Vehicle Dealers Compensation Fund
- Office of the Nominal Defendant of the ACT
- Residential Rental Bonds Trust Account
- ACT Supreme Court – SC 154 of 2014

Funds held in these accounts are invested in accordance with the *Trustee Act 1925* in a range of securities including bank bills and financial institution deposits managed internally as well as through the Public Trustee's Australian Fixed Interest Index Common Fund. The circumstances of each account are reviewed regularly and investment strategies established according to individual risk profiles, objectives, income needs and relevant legislation.

Funds held in these accounts are not invested in Australian or International Equities and are not at risk of unethical investment.

Criminal Assets

The *Confiscation of Criminal Assets Act 2003* (COCA) authorises the confiscation of the proceeds of crime and other criminal assets. The Public Trustee's role under the Act is limited to administering assets restrained under the Act. Forfeited assets are secured and

sold by the Public Trustee, and moneys realised are deposited into the Confiscated Assets Trust (CAT) Fund.

PTACT deposited \$131,647.25 into the CAT Fund during the reported year, compared with \$409,044.75 in 2012-13. Variations in the amount deposited from one year to another reflect the number and value of forfeiture orders made in a year and do not reflect PTACT's performance in undertaking this responsibility.

Unclaimed Money

PTACT provides administrative services in respect to specified unclaimed money under the *Unclaimed Money Act 1950*, the *Legal Profession Act 2006* and the *Agents Act 2003*. In general, unclaimed moneys are accounts of various types that have been inactive over time, including deposits and dividends. A search facility on the PTACT website assists claimants to identify and claim unclaimed money.

At 30 June 2014, PTACT held \$23,061,624.26 in unclaimed money compared to \$20,639,266.91 at 30 June 2013.

During the reported year –

- 47 lodgements were received for a total of \$4,525,773.40 compared to 38 for the previous year.
- 4,886 claims for a total of \$1,495,156.45 were received and paid compared to 4,195 for a total of \$1,206,026.08 for the previous year.
- The average claim for 2013-14 was \$306.00 compared to \$287.49 for 2012-13.
- 673 individual fees were charged under the new determined fee for a total of \$43,680.00.

The number of claims received and the value of money paid out compared to the previous year is attributable to the linking of claims to other money claimable by the person entitled as well as the influx of new money during the year.

PTACT has accepted a quote to build and finalise the web search and claims facility to improve claims response turnaround time.

Income of \$510,036.53 from PTACT's investment of unclaimed moneys was transferred to the Territory on 18 July 2014.

Cemeteries and Crematoria Act 2003

The Public Trustee is trustee of the Perpetual Care Trusts under the *Cemeteries and Crematoria Act 2003* (the Act). The Perpetual Care Trusts are charitable trusts, 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 to be held in trust by the Public Trustee and invested through the Public Trustee's common funds.

At 30 June 2014 a total of \$3.43M in deposits was held by the Public Trustee under the Act compared to \$2.41M at 30 June 2013.

Deposits to Perpetual Care Trust

CEMETERY/ CREMATORIUM	DEPOSITS TO DATE (ALL)	NET DEPOSITS	2013/2014 INCOME	GROWTH ON CURRENT INVESTMENTS	BALANCE 30/06/14
	(\$)	(\$)	(\$)	(\$)	(\$)
Gungahlin Cemetery	1,716,926	3,383	615	0	18,495
Gungahlin Cemetery – Reserve	764,262	729,050	17,688	40,675	788,649
Hall Cemetery	80,655	21,163	1,915	7,250	42,894
Hall Cemetery – Reserve	85,304	78,939	1,611	0	80,547
Woden Cemetery	2,927,622	-101,940	43,089	36,035	403,460
Woden Cemetery – Reserve	1,473,102	1,361,579	34,774	59,386	1,137,974
Woden Mausoleum	443,523	230,435	5,905	0	236,320
Woden Mausoleum – Reserve	726,198	627,139	16,780	25,384	669,005
Norwood Park	36,367	36,367	2,023	1,902	55,756
TOTAL	8,253,959	2,986,114	124,400	170,632	3,433,100

PRODUCTS AND SERVICES**Wills**

752 Wills were completed during the year compared with 743 in the previous year.

Estates

80 estates were finalised during the year with an estimated value of \$29,530,309.47 compared to 91 at \$41,312,721.72 for the previous year.

Trusts

The Public Trustee acts as trustee, manager or receiver of funds for those unable to manage their funds. The number of trusts administered during the year was 396 compared to 401 for the previous year. The value of trusts under administration at 30 June 2014 was \$170.3M.

Powers of Attorney

PTACT actively promotes the preparation of an EPA by all members of the ACT community having legal capacity and acts as financial attorney where appointed. The number of EPAs under active management by the Public Trustee has decreased from 53 last year to 48 this year. This is not an unexpected fluctuation.

Financial Management

The ACT Civil and Administrative Tribunal may appoint a person to act as manager to protect the financial and property interests of adult persons in the community who have impaired decision-making ability or who lack the capacity to manage their own financial affairs. PTACT is appointed as manager in approximately 50% of cases. At 30 June 2014, the Public Trustee was appointed as financial manager for 501 persons compared with 498 persons at 30 June 2013.

Taxation Services

PTACT is a registered tax agent, has qualified personnel and provides specialist taxation services incidental to Estate, Trust, company, partnership and Individual Income Tax Returns. During the year PTACT successfully transitioned to new software “Taxation Assist” to better manage the preparation and lodgement of its significant income return responsibilities.

PTACT lodged 1,211 income tax returns in 2013-14 compared to 1,306 in 2012-13. Income tax returns are lodged electronically through the ATO portal, ELS lodgement program as well as paper lodgements.

The number of tax returns lodged in the 2013-14 financial year was lower due to the acquisition and implementation of new taxation software. Around 50 tax returns were prepared but couldn't be lodged before 30 June 2014 due to the unavailability of the software. Overall revenue increased by 9% from \$149,091.61 to \$161,928.23 largely due to an increase in the taxation fee from \$197.00 to \$220.00 and an increase in complex taxation matters being actioned resulting from PTACT's application to the Australian Taxation Office for a Private Ruling in a number of returns.

Conveyancing and Property Services

PTACT completed 21 property settlements during 2013-14 compared to 24 in 2012-13. The total value of property conveyed was \$10,967,000 compared to \$11,892,500.00 in 2012-13. During the year PTACT had 130 properties under management and PTACT's Property Officer made 86 property visits. PTACT's property sales attract an average agent's commission of 1.66% using 15 different real estate firms. All real estate agents used are subject to PTACT's Code of Conduct for Service Providers. PTACT is in the process of upgrading its method of engaging Service Providers.

Historical Business Activity

INDICATOR	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Financial Management Orders	369	397	411	435	442	432	458	473	481	486	501
Active Enduring Power of Attorney	95	95	88	77	69	68	67	61	56	53	48
Deceased Estates Admin < \$100,000	48	77	62	55	35	37	37	38	40	36	33
Deceased Estates Admin → \$100,000	31	35	51	41	40	33	47	63	68	55	47
Examinations of accounts	265	246	276	261	243	318	370	440	425	445	488
Trusts under legal disability < \$100,000	561	522	491	452	442	417	399	374	368	348	340
Trusts under legal disability → \$100,000	23	31	33	31	34	30	39	50	49	53	56
Wills	584	678	626	644	691	724	730	653	704	743	752

Notes

1. Financial Management Orders - steady rise
2. Active EPA - Community choosing family member as first choice for attorney
3. Deceased estates under \$100K - Lower value estates dropping off with increases in asset values
4. Deceased estates above \$100K - Again asset values affect these figures. Also PTACT only generally administers estates when appointed as executor. Will-making patterns do not always reflect estate numbers ie the 'yield' in a year is unpredictable..also people are living longer
5. Examination of accounts - this correlates with Financial Management orders
6. Trusts under \$100K - PTACT is default trustee here - significant work with minimal cost recovery
7. Trusts over \$100K - PTACT is bidding more competitively for these.
8. Wills 2013-14 - Highest number of Wills recorded.

B.3 COMMUNITY ENGAGEMENT AND SUPPORT

COMMUNITY ENGAGEMENT ACTIVITIES

During the year no formal community consultation was undertaken however PTACT undertook the following community engagement activities –

FORM OF COMMUNITY ENGAGEMENT	OUTCOME
Seniors Week seminar - March 2014.	Community educated on estate planning.
Life's Reflection and Multicultural Festival Sanctuary sponsorship - \$4,000.	PTACT engaged with Seniors and demonstrated their value to the community.
Continuing and increased funding to charity in the ACT.	A record charitable distribution of \$496,000 for 2013-14 through GreaterGood.
JACS Induction training demonstrating the value of Workplace Giving to new staff.	JACS staff workplace giving scheme 'JACS4GreaterGood' now has a corpus of \$126,000. The 2014 distribution of \$4,020 will be made to The ACT Cancer Council.
Participation in the annual Canberra Retirement and Lifestyle Expo.	Community educated about estate planning.
Participation in the annual ACT & Region Indigenous Expo.	Raised awareness of career and education opportunities including support services available to Aboriginal and Torres Strait Islander people living in the ACT Region.
Addressed community groups on 20 occasions.	Community educated on estate planning.
Conducted Wills Week in October 2013 including two free public seminars.	Community educated on estate planning. A free Will was provided to all attendees.
Conducted home/hospital/hospice visits to clients to prepare Wills and Enduring Powers of Attorney.	Mobility issues and social isolation is overcome in respect to Wills and EPAs.
Participated in joint government/industry estate planning forum.	Public and private sector practitioners informed about complex estate administration and trust issues.
Participated in ACT Law Society Elder Law Committee.	Sharing information/experiences/ development of laws in Elder Law matters.

PTACT has daily interaction with the community to increase the number of people who are aware of the importance of having an up to date Will and Enduring Power of Attorney and are willing to appoint the Public Trustee as executor or attorney. Through GreaterGood, PTACT seeks to maximise the level of philanthropy provided to the ACT community. PTACT has made significant progress towards this through appropriate public awareness programs as follows -

- PTACT and GreaterGood websites and a GreaterGood Facebook;
- Advertisements and editorials in the Canberra Times "Start Living" lift-out each month as well as for special promotions including Seniors Week and Wills Week;

- Advertisements in the Seniors Booklet, ACT Hospitals Services Guide and Yellow Pages; and
- PTACT brochures/fact sheets in Canberra Connect shop fronts.

PTACT is regularly requested to make presentations at succession law events and at public forums about our services.

A number of our brochures have been translated into five non-English speaking languages for publication to the PTACT website.

PTACT'S CUSTOMERS REPORTED

PTACT conducts a continuous customer survey against a range of criteria on a reply-paid post basis. The survey is also provided in electronic form for clients visiting PTACT's website.

Clients are surveyed about a range of issues including -

- ease of contact/access;
- efficiency;
- friendliness;
- whether they understood the advice provided;
- which business unit they dealt with; and
- whether they would recommend PTACT to others in the community.

The Public Trustee personally responds to any survey response where the level of service did not meet client expectations.

During the reported year 110 clients responded to our survey with 92% of clients reporting that the Public Trustee met or exceeded their expectations, against 99% reported for the same period last year. Of all clients surveyed, 74% responded that PTACT exceeded their expectations, 18% felt that PTACT met their expectations, 8% did not provide a rating and no respondents found PTACT below expectation.

REPRESENTATION ON EXTERNAL FORUMS

PTACT subscribes to a number of important forums, through which issues of community importance are discussed, negotiated and lobbied. These include -

FORUM	DESCRIPTION
State/Territory Public Trustees' forum	PTACT maintains a co-operative, working relationship with State/Territory Public Trustees through bi-annual meetings*. Public Trustees cooperate in the development of products and services, leveraging value and price from suppliers (incl superannuation) and also in benchmarking. Public Trustee also cooperate in responding to issues of national importance eg National Disability Insurance Scheme, Ageing and Disability inquiries etc.

FORUM	DESCRIPTION
Australian Guardianship and Administration Council (AGAC)	PTACT is a member of AGAC, a national forum of agencies whose role is to protect adults who have a disability that impairs their capacity to make decisions and manage their affairs. Agencies include Public Trustees, Public Advocates, Public/Adult Guardians, Protective Commissioners as well as Boards and Tribunals. AGAC meets bi-annually*. The Public Trustee undertakes a secretarial role for AGAC and responded to 15 national requests for assistance made through the AGAC Website Contact Form.
Financial Services Council Inc (FSC)	The FSC represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks and trustee industry including Public Trustees. The FSC promotes best practice for the financial services industry by setting mandatory standards for its members and providing guidance notes to assist in operational efficiency. The Public Trustee is a member of the FSC's Trustee Board Committee. PTACT maintains representation on the Regulatory Policy, Education, Taxation and Estate Planning Committees.
Financial Planners' Association ACT Chapter	PTACT retains membership of the Financial Planners' Association through its Manager, Investment and Funds Management Section.
Financial Services Institute of Australasia	PTACT is a member of the Financial Services Institute of Australasia. A number of PTACT staff achieved qualifications in financial planning and management through the Institute.
Philanthropy Australia	GreaterGood is a member of Philanthropy Australia, the national peak body for philanthropy.
COTA (ACT)	PTACT is a member of the Council on the Ageing (COTA (ACT)). COTA (ACT) is the peak older person's organisation in Australia representing issues at Territory and Federal levels. COTA (ACT) has conduct of ACT Seniors Week activities as well as the ACT Seniors Card Directory through which PTACT advertises.
Joint ACT industry/government forum on estate planning and Elder Law Committee	The Public Trustee is represented on these joint industry/government forums on succession planning.
Law Society of the ACT	PTACT is a member of the ACT Law Society. The current Executive Director of the Society is Chair of GreaterGood. A number of PTACT staff are practising solicitors and members of the Society. PTACT staff access continuing legal education through the Society.
CPA Australia	Several PTACT staff members are registered as Associate Members of the CPA.

* meetings are arranged to coincide where possible.

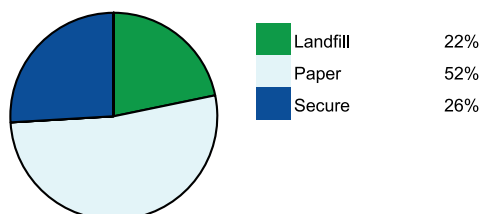
B.4 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

Reported as part of the JACS Annual Report.

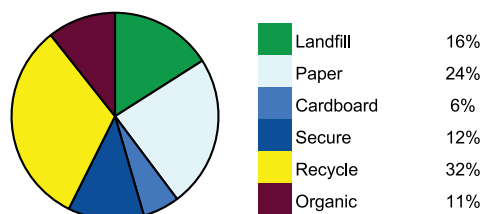
PTACT joined the ACTSmart Office Program on 5 July 2010 and was re-accredited in July 2014. Regular audits are undertaken to ensure that appropriate levels of material are re-cycled and deposited to landfill.

ACTSmart Office Scorecard Justice & Community Safety - Public Trustee As of 21 July 2014									
Joined Program: 05-Jul-2010					Accredited: 24-Jul-2013				
First Audit: 21-Jul-2011					Latest Audit: 21-Jul-2014				
Waste Stream	Annual Waste in M3	Weight in Tonnes	Annual CO2 Equiv Emissions in Tonnes	Annual CO2 Equiv Emissions Avoided in Tonnes	Waste Stream	Annual Waste in M3	Weight in Tonnes	Annual CO2 Equiv Emissions in Tonnes	Annual CO2 Equiv Emissions Avoided in Tonnes
Landfill	5.2	0.8	0.8	0	Landfill	3.9	0.6	0.6	0
Paper	12.5	1.2	0	3.1	Paper	5.8	0.6	0	1.4
Cardboard	0	0	0	0	Cardboard	1.4	0.1	0	0.4
Secure	6.2	0.6	0	1.6	Secure	2.9	0.3	0	0.7
Recycle	0	0	0	0	Recycle	7.8	0.5	0	0.6
Organic	0	0	0	0	Organic	2.6	0.9	0	1.4

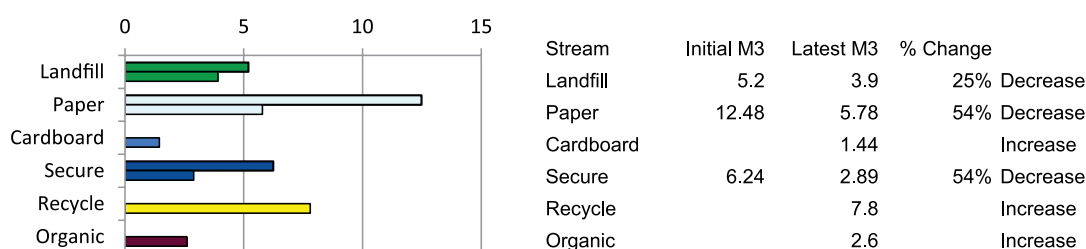
Initial Audit Composition



Latest Audit Composition



Cubic Metres of Waste by Stream - Initial Audit (Upper Bar) vs Latest Audit (Lower Bar)





C. GOVERNANCE AND ACCOUNTABILITY

C.1 INTERNAL ACCOUNTABILITY

SENIOR EXECUTIVES



Senior Public Trustee Executives Stephen Kellett (Estates/Trusts Manager), Andrew Taylor (Public Trustee), Joanne Thompson (Finance Manager), Doug Gillespie (Manager Investment/Funds Management), Kathryn Toy (Manager Financial Management - Absent).

ANDREW TAYLOR

Public Trustee/Chief Executive

Andrew Taylor was re-appointed to the statutory office of Public Trustee in September 2010 for a term of 5 years. The Public Trustee has specific responsibilities as trustee established by legislation and is responsible to the Director-General JACS.

Andrew is Senior Member of the Public Trustee Investment Board, member of the Financial Services Council of Australia, Secretary of the Australian Guardianship and Administration Council and is past member of the ACT Ministerial Advisory Council on Ageing. He is trustee for GreaterGood - The Capital Region Community Foundation and an immediate past Trustee representing the Ministerial Council on the National Travel Compensation Fund Board of Trustees (representing Tasmania, South Australia and the ACT). Andrew is Executive Sponsor for Respect, Equity and Diversity and Reconciliation Action Plan (RAP) Ambassador in the JACS Directorate. He was appointed as Chair of the Official Visitors' Board under the *Official Visitors' Act 2012* with effect from September 2013.

DOUG GILLESPIE**Deputy Public Trustee**

Doug Gillespie has 48 years experience in the trustee industry, including 24 years with PTACT. His position has a strong technical focus on investment/funds management unclaimed money and charitable trusts administration. He is responsible for annual client investment reviews under trustee legislation and overseeing the administration of financial assets in estates, trusts and financial management accounts.

Doug is an Associate of the Executor and Trustee Institute of Australia, a member of the Financial Planning Association (ACT Chapter) and is a Senior Associate of the Financial Services Institute of Australasia. He is the Public Trustee's representative on the board of GreaterGood - The Capital Region Community Foundation, Chair of Trustees for the AFL Canberra Foundation and is ACT Zone Secretary of Rostrum Australia.

SUE LA PEYRE**Manager - Estates/Trusts**

Sue La Peyre retired with effect from 4 July 2104, having been employed with the Public Trustee since 1989. Sue was employed as a practising solicitor and member of the ACT Law Society having attained a Bachelor of Arts and a Bachelor of Laws at Sydney University. Her responsibilities included a management, leadership and staff development focus as well as a quality control function with the editing and reviewing of work to ensure statutory compliance. Sue headed PTACT's Estates & Trusts Unit and was responsible for the administration of more complex Estates, Trusts and Wills.

Mr Stephen Kellett has been temporarily directed to act in the position pending formal recruitment to the position.

STEPHEN KELLETT**A/g Manager – Estates/Trusts**

Stephen Kellett joined the Public Trustee in January 2000 following a career in the private sector including banking, legal and private trustee company. Mr Kellett is responsible for overseeing and running the Estates/Trusts Unit.

JOANNE THOMPSON**Manager - Finance**

Joanne Thompson was appointed as Manager-Finance in 2006 and has 24 years experience with the Public Trustee and, prior to that, 5 years with a superannuation trustee company. Joanne manages all Public Trustee corporate accounting functions including office management, government trust accounts, taxation, Property Officer functions and has responsibility for financial reporting. She is also responsible for ensuring maximum return on cash investments.

Ms Thompson has attained a Diploma and an Advanced Diploma in Government Financial Management.

KATHRYN TOY**A'g Manager - Financial Management Services**

Kathryn Toy has been employed with the Public Trustee since September 2010, following a career as a Registered Nurse and Practise Manager in a medical practice.

Ms Toy is responsible for overseeing and running the Unit and has overall responsibility for the financial and property affairs of represented clients.

Kathryn has been temporarily directed to act in the position since 31 March 2014, pending formal recruitment to the position. The former occupant of the position, Toni Leiper, retired with effect from March 2014. Toni had a lengthy career with PTACT having been appointed as Manager of the Unit in 2006.

REMUNERATION

The Public Trustee, as a Senior Executive of JACS, is remunerated in accordance with a Determination of the Remuneration Tribunal as an ACT Government Executive. During the reported year, the Public Trustee's Manager/Deputy Public Trustee positions were remunerated in accordance with the JACS Enterprise Agreement 2011-13.

SIGNIFICANT COMMITTEES**Public Trustee Investment Board**

The Public Trustee Investment Board is a statutory board established under the *Public Trustee Act 1925* to advise the Public Trustee on investment matters and strategy. The Board is advisory only, has no governance responsibilities and does not provide advice to the Minister. A full report on the Public Trustee Investment Board is separately provided at the end of the Annual Report.

The following persons are appointed to the Public Trustee Investment Board - Andrew Taylor (Senior Member), Patrick McAuliffe, Glenys Roper (retired March 2014), Tom Babic, Christine Goode and Thach Huynh (appointed March 2014).

Internal Audit Committee

The Public Trustee's Internal Audit Committee manages and reviews all aspects of risk to the Public Trustee.

Public Trustee Management Committee

The Public Trustee's Management Committee focuses on –

- Implementing the Public Trustee's Business Plan.
- Public Trustee Investment Management Advisory issues, setting direction, approving investment and reviewing and endorsing asset allocations under the 'prudent person investment principle' in the *Trustee Act 1925*.
- 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 office.

The Public Trustee's Organisation Chart is at Part B.1 of this report.

Investment Management Advisory Committee

PTACT's Investment Management Advisory Committee exists to provide advice to the Public Trustee Investment Board and to implement decisions arising from board meetings including -

- Recommendation of suitable fund managers
- Delegation of approved levels for investment plan decisions
- Review and oversight of the investment process
- Advise asset allocation on individual trusts due to special circumstances.
- Provide investment plans for particular trusts.

Official Visitors Board

The Public Trustee is Chair of the Official Visitors Board. A full report on the Official Visitors Board is separately provided at the end of the Annual Report.

C.2 RISK MANAGEMENT AND INTERNAL AUDIT

PTACT's Fraud, Corruption and Risk Management Strategy covers all investment, financial, operational and administrative responsibilities as well as Workplace Health and Safety matters. The strategy forms the basis of PTACT's Internal Audit Committee agenda.

INTERNAL AUDIT COMMITTEE

The following table reflects PTACT's Internal Audit Committee's membership, meetings and attendance -

MEMBER	POSITION	DURATION	ATTENDED
Mr Corinne Appleby	Independent Member/Chair	Apptd 2011	4
Callum Hughes	Member	Apptd 2010	2
Carol McCallum	Member	Apptd 2010	2
David Stenhouse	Member	Apptd 2010	5
Kathryn Toy	Member	Apptd 2012	2
Adam Bownds	Member (WHS)	Apptd 2012	4
Stephen Kellett	Member	Apptd 2014	4
Cindy Elsheikh	Member	Apptd 2014	2
Peta Duggan	Member	Apptd 2014	1
Doug Gillespie	Member	Apptd 2014	1
Joanne Thompson	Observer	Apptd 2010	5
Andrew Taylor	Observer	Apptd 2010	4

INSURANCE

PTACT's motor vehicle insurance risk is covered through a policy with AON (Ansvar) Insurance. Workers Compensation and Insurance Risk (including fidelity insurance) is covered by ACT Insurance Authority (ACTIA). Client (trust) assets are insured by various providers selected on a case by case basis.

RISK PROFILE MODELS ADDRESS CLIENT INVESTMENT NEEDS

The Public Trustee is bound by the "prudent person investment rule" contained in the *Trustee Act 1925*. This principle requires that a trustee must only invest funds entrusted to him/her as would a person of prudence, i.e. with discretion, care and intelligence.

PTACT complies with the principle ensuring that investments are made in accordance with an appropriate risk profile and reviewed on an annual basis. This involves an analysis of the circumstances and acceptable risk tolerance of each investment client. A review of all client risk profiles is conducted annually.

Major risk investment categories applied are Growth, Balanced, Income Stable and Capital Secure. Funds are invested through sector common funds in tactical asset allocations, set in consultation with PTACT's assets/markets consultant PricewaterhouseCoopers.

C.3 FRAUD PREVENTION

RISK ASSESSMENT

PTACT's Fraud, Risk and Corruption Management Strategy and Workplace Health and Safety Strategy establish appropriate risk controls and checks and comply with ACTIA, ACT Government and JACS Directorate standards.

PTACT's trust-accounting system (TACT) has been designed for use by the trustee industry and meets standards for client confidentiality and security control as well as compliance with risk controls contained in the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (C'th).

PTACT's Investment Board advises the Public Trustee in respect to investment and funds management risk. This advice covers issues such as investment structure and strategy, asset consultant and fund manager supervision, investment review and financial governance matters.

PTACT engaged KPMG in January 2014 to undertake a review of PTACT's controls in the Financial Management Unit.

CODES OF CONDUCT

PTACT has established Codes of Conduct for its staff as well as for external and service-providers. The Codes reflect the trusted nature of the Public Trustee's role in the community and inform expected standards and behaviours to be demonstrated when employed or engaged by the Public Trustee. PTACT's Staff Code of Conduct incorporates ACT Public Service values and signature behaviours of respect, integrity, collaboration and innovation.

All PTACT staff have read and noted the Code and, during the reported year, all senior PTACT managers attended industry fraud/risk training.

PTACT acquired TACTICS software and appointed a dedicated Property Officer as part of its Fraud/Corruption and Risk Mitigation Strategy. TACTICS enables reports to be prepared from data held in discrete databases. This has been an important tool in analysing data for inconsistencies, irregularities and improper dealings. The Property Officer position was established to create a vital level of separation between the duties of Trust Officers and property transactions.

The Code of Conduct for external service providers is currently being reviewed following a review of controls conducted by KPMG in 2014.

C.4 LEGISLATIVE ASSEMBLY INQUIRIES AND REPORTS

STANDING COMMITTEE ON JUSTICE AND COMMUNITY SAFETY

The ACT Legislative Assembly's Standing Committee on Justice and Community Safety "Inquiry into 2012-13 Annual Reports" considered the Public Trustee's Annual Report on 6 November 2013. No recommendations were made concerning the report.

SELECT COMMITTEE ON ESTIMATES

The Public Trustee appeared before the Select Committee on Estimates 2013-14 on 26 June 2014. The Attorney-General provided the Committee with a briefing prepared by the Public Trustee on the progress of the investigations referred to above. The Committee accepted the report as read.

C.5 AUDITOR-GENERAL AND OMBUDSMANS REPORTS

ACT AUDITOR-GENERAL

The ACT Auditor-General undertakes an annual end-of-year audit of the Public Trustee's corporate and trust financial reports in accordance with Australian Auditing Standards. The Auditor-General provided unqualified audit reports for all four audited accounts.

The following issues were raised for attention as part of the Auditor-General's Management Report in respect to the 2012-13 audit -

1. In 2011-12, the Audit Office reported that the financial statements of the Funds and Trust Account were not prepared in accordance with the accounting policy (accrual basis) disclosed in the notes of the financial statements. The Office also recommended that the Public Trustee clarify whether the financial statements should be prepared under 'special purpose accounting framework' or 'general purpose accounting framework'. The Public Trustee resolved this audit finding by:
 - obtaining external accounting advice; and

- preparing the financial statements of the Trust Account and Funds on an accrual basis under a 'special purpose accounting framework'.
2. In 2011-12, the Audit Office reported that the:
- manual processes used to prepare the financial statements of the Trust Account and Funds are prone to errors; and
 - accounting work papers supporting balances in the financial statements need to be significantly improved.

The Public Trustee improved its supporting accounting work papers by implementing a system that improved the extraction of information from its client management system (TACT) to use as supporting work papers. The Public Trustee also reduced the number of errors in these work papers. While some improvements were made, the systems and processes used by the Public Trustee to prepare the financial statements of the Trust Account and Funds continue to be prone to error due to the lack of an accounting system and use of manual processes used to record transactions.

3. In 2012-13, the Audit Office found errors and inconsistent information in the certified financial statements of the Trust Account submitted for audit. These problems indicate that the Public Trustee needs to review and significantly improve its reporting processes.

ACT OMBUDSMAN

PTACT works cooperatively with the ACT Ombudsman to ensure fair and just outcomes for our clients. On 22 May 2014, PTACT management was represented at a forum on the functions of the Ombudsman.

During the 2013/14 financial year, the Ombudsman finalised 5 approaches concerning PTACT and none were investigated. This compared to 8 approaches in the previous year.



Financial Management Section A/g Manager Kathryn Toy attending the ACT Ombudsman's Complaints Forum on 29 May 2014



D. LEGISLATION BASED REPORTING

D.1 PUBLIC INTEREST DISCLOSURE

S.11 of the *Public Interest Disclosure Act 1994* requires the Public Trustee to establish and maintain procedures to facilitate disclosures about improper conduct or wrongdoing by the office.

PTACT is subject to the JACS Public Interest Disclosure Policy. The policy seeks to provide assistance to people who seek to disclose matters under the Act. Persons interested in making a disclosure in respect to the Public Trustee may do so to the Executive Director - Governance JACS or, if unavailable, through the JACS Internal Audit Committee.

No public interest disclosures were made during 2013-14.

D.2 FREEDOM OF INFORMATION

STATEMENT UNDER *S.7 FREEDOM OF INFORMATION ACT 1989*

Establishment

PTACT incorporates the functions previously undertaken by the Curator of Estates of Deceased Persons, in addition to a full trustee service similar to those undertaken by trustee corporations and Australian Public/State Trustees.

Functions

PTACT's principal functions are -

- Preparation of Wills where appointed as Executor.
- Preparation of Enduring Powers of Attorney where engaged as attorney for financial management.
- Estate Administration where appointed as executor or under letters of administration.
- Trust Administration for minors or for those unable to manage their assets.
- Financial Management for persons with a decision-making disability.
- Funds administration/investment government and non-government trusts.
- Asset management under the *Confiscation of Criminal Assets Act 2003*.
- Managing specified unclaimed moneys.
- Examination of accounts prepared by private financial managers appointed by ACAT.
- Administration of GreaterGood - The Capital Region Community Foundation.
- Act as Chair, ACT Official Visitors Board.

Arrangements for external participation

The Public Trustee Investment Board provides direction on investment practice and funds management. The Chief Finance Officer, ACT Courts Administration acts as external representative and Chair on the Public Trustee's Internal Audit Committee.

Categories of documents

Categories of documents held include -

- Deceased Estate files
- Enduring Powers of Attorney
- Files of persons whose property is managed under Powers of Attorney or ACT Civil and Administrative 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 requests under the *Freedom of Information Act 1989* are directed to the Public Trustee.

STATEMENT UNDER *S.8 FREEDOM OF INFORMATION ACT 1989*

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 commissions
- Trust files *
- Deceased Estate files*
- Management (Order of ACAT) files*
- Investment Board Agenda and Minutes
- Income Tax files*
- Wills/Powers of Attorney*
- Unclaimed Moneys Records*
- Confiscation of Criminal Assets files*
- Practice Manual and staff directions

(*Confidential and available only to authorised persons)

STATEMENT UNDER *S.79 FREEDOM OF INFORMATION ACT 1989*

During the reported year, no approaches were made to PTACT for access to records under the *Freedom of Information Act 1989*.

A Freedom of Information Statement is contained in the Justice and Community Safety Directorate's Annual Report for 2013-14.

D.3 HUMAN RIGHTS ACT 2004

EDUCATION AND TRAINING

During the year, the Public Trustee attended a number of forums in respect to the United Nations Convention on the Rights of Persons with a Disability (UNCRPD). The issue of supported decision-making as an adjunct to substitute decision-making is soon to be trialled in the ACT. The UNCRPD promotes equal recognition before the law and supported decision-making for all people with a disability including people with an intellectual disability. No further formal human rights training was provided to PTACT staff during the reported year.

INFORMATION

PTACT embraces ACT Public Service values and signature behaviours of Respect, Integrity, Collaboration and Innovation. Our Staff Code of Conduct establishes expected standards of behaviour for staff including –

- treating members of the public and work colleagues with the highest level of courtesy and sensitivity to their rights; and
- refraining from engaging in or condoning sexual harassment or discrimination on the basis of gender, transgender, marital status, pregnancy, sexual preference, disability, age, race, religion, political conviction or carer's responsibilities.

During the year, the Public Trustee participated in a review of ACT rights protection agencies within JACS to examine whether existing arrangements meet the needs of ACT citizens and to ensure that human rights are protected.

LIAISON

PTACT is a member of the Australian Guardianship and Administration Council (AGAC). Through AGAC, PTACT continued to make representations to government in respect to a number of issues affecting personal rights including the National Disability Insurance Scheme (NDIS). In that regard the Public Trustee met with and briefed staff of the federal Minister for Social Services following the Enhanced Service Offer trial of the NDIS.

REVIEWS

Through AGAC, PTACT is apprised of and influences human rights issues relating to Guardianship, Administration and Public Trustee matters in other Australian and international jurisdictions. PTACT continues to work with AGAC to remove legislative barriers caused by the failure of jurisdictions to recognise each other's Enduring Powers of Attorney (EPA).

During the year PTACT recommended a number of changes to ACT Legislation many of which affect rights including changes to the *Family Provision Act 1969* affecting the time within which a claim may be made on a deceased estate.

LITIGATION

The Public Trustee is appointed as Financial Manager by the ACT Civil and Administrative Tribunal (ACAT) 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 perceived wishes. PTACT seeks to impose the minimal impact necessary, mindful of their rights and we encourage and assist protected persons to live in the general community as independently as possible.

PTACT acts in a range of rights protection capacities, assisting persons either with an age-related or intellectual disability. Additionally, as executor, the Public Trustee acts to protect the interests of will-makers. Our responsibilities also involve legal representation for clients.

During the year, PTACT litigated in respect to issues such as –

- new or existing financial management orders by ACAT;
- the defence of its role as executor and trustee; and
- the making of Personal Protection (Workplace) Orders to protect PTACT staff.

D.4 TERRITORY RECORDS ACT 2002

PTACT's Records Disposal Schedule is published on the ACT Legislation Register and a records management framework has been implemented in accordance with the schedule.

One PTACT staff member attended training in Records Management during the reported year.

A declaration under S.28 of the *Territory Records Act 2002* has been granted to prevent public access to PTACT's client files including client files of the former Curator of Estates of Deceased Persons. The application was granted on 4 July 2008 (Exemption no 97).

The following table sets out details of PTACT's Records Disposal Schedule -

RECORDS DISPOSAL SCHEDULE NAME	EFFECTIVE	YEAR AND NOTIFIABLE INSTRUMENT NO.
PTACT Records Disposal Schedule	February 2006 Reviewed 2014	NI 2006-30

D.5 LEGAL SERVICE DIRECTIONS

The *Law Officers Act 2011* (the Act) was established to create the Offices of Attorney-General, Solicitor-General and the Government Solicitor. Under S.15 of the Act PTACT is required to report on measures taken to ensure compliance with the Law Officers (General) Legal Services Directions 2012 and Model Litigant Guidelines 2010.

COMPLIANCE WITH LEGAL SERVICES DIRECTIONS

The Directions cover issues such as -

- outsourcing of legal work; and
- use of in-house lawyers as approved by the Attorney-General.

PTACT is a government owned Territory authority. Under its Statement of Intent with the ACT Treasurer, the Public Trustee is required to operate under a commercial model. The functions and responsibilities of the Public Trustee are akin to those of a Trustee corporation or a legal practice in that the office acts as a consultant in respect to succession law matters and provides commercial legal services to the community including Trust creation and administration, Will drafting, Enduring Power of Attorney drafting and Estate Administration.

The Public Trustee exists to provide services to the ACT Community. On the other hand, the ACT Government Solicitor (ACTGS) exists to represent the ACT Government and the provision of legal services to individual members of the community is outside of the scope of the ACTGS. The ACTGS has agreed to the creation of Legal Officer positions within PTACT to employ appropriately qualified persons to satisfy its succession law responsibilities.

PTACT does not undertake litigation in respect to government matters however litigation is undertaken on behalf of our trust, estate and financial management clients. In that regard we may brief external practices in accordance with the Model Litigant Guidelines.

COMPLIANCE WITH MODEL LITIGANT GUIDELINES

Arrangements have been made through the Public Trustee's Declaration by Service Providers to ensure that providers of legal services are aware of the Law Officer (Model Litigant) Guidelines 2010 and apply them in the representation of the Public Trustee and its clients.

D.6 DANGEROUS SUBSTANCES ACT 2004

The Public Trustee has not committed an infringement notice offence against the *Dangerous Substances Act 2004* and accordingly, no statement is required.

D.7 BUSHFIRE RISK MANAGEMENT

This section is not relevant to PTACT's operations.

D.8 COMMISSIONER FOR THE ENVIRONMENT

S.23 of the *Commissioner for the Environment Act 1993* requires the Public Trustee 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 for Sustainability and the Environment of any activities carried out by the agency; and
- 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 under the Act and no assistance was provided. No investigations concerning the Public Trustee were made by the Commissioner.



E. HUMAN RESOURCES MANAGEMENT REPORTING

E.1 HUMAN RESOURCES MANAGEMENT

PTACT's human resource performance accords with the following priorities derived from the priorities in the "Canberra Plan - Towards the Second Century".

DELIVERING FOR THE FUTURE

PTACT's core responsibilities are intrinsically tied to delivering for the future. In the preparation of Wills, PTACT assists clients to make appropriate decisions in the event of their death. Additionally, PTACT prepares Enduring Powers of Attorney, helping Canberrans to make appropriate plans and arrangements in the event of their loss of capacity. Our financial management and trusts services seek to ensure that client money is appropriately managed so that they have sufficient funds to enjoy a meaningful and quality life.

PTACT is a contributor to a three year Australian Research Council Linkage Projects Funding scheme (project number: LP110200891) (University of Queensland). The project recently released a paper "Having the last word: End of life planning through Wills, Enduring Powers of Attorney and Advanced Directives" which reported that Australia led Great Britain (37%) and the United States 31% with two-thirds of Australians of 18 years and over having a Will. This is in part attributable to the work collectively undertaken by Public Trustees in promoting future planning through the making of Wills and Enduring Powers of Attorney.

The ACT's cohort of older persons is rapidly increasing with a commensurate increase in the demand for services provided to older persons. Strategically, PTACT seeks to develop its business and commercial activities to ensure adequate funding to subsidise its Community Service Obligations.

Through GreaterGood - The Capital Region Community Foundation, PTACT provides funding solutions for charities in perpetuity.

STRENGTHENING ORGANISATIONAL RESILIENCE

PTACT's clients require some degree of certainty that their funds are preserved and prudently invested to provide a degree of resilience to risk. PTACT categorises and groups its funds management clients into risk profiles to ensure rigorous and appropriate investment solutions to meet the demands of their circumstances. An independent Review of Investment Strategy and Risk Management conducted by PricewaterhouseCoopers in 2011 indicates that PTACT's Investment Strategy is appropriate for the next 3-4 years.

An independent review of the Public Trustee's statutory Guarantee and Reserve Account indicates that balance held in the fund is adequate to cover any of the liabilities specified at S.61(5) of the *Public Trustee Act 1985*.

SUSTAINING COMMUNITY CONFIDENCE

PTACT provides its services directly to the Canberra Community. Community confidence in our services and products is fundamental and client sentiment is routinely surveyed. Our low level of complaints and Ombudsman referrals is rigorously investigated and responded to by the Public Trustee. During the year, the number of referrals made to the ACT Ombudsman dropped from 8 to 5 with none requiring investigation. PTACT provides editorials through the

Canberra Times and the Canberra Chronicle every month seeking to inform and educate the Canberra community in trust and succession matters. The office is also active in achieving financial support for local charity through GreaterGood, our community foundation, by “linking good people with good causes”.

WORKING COLLABORATIVELY

PTACT has strong industry and community links both at local and national levels.

PTACT works collaboratively with the -

- Financial Services Council of Australia (FSC), Australian Guardianship and Administration Council (AGAC) and Australian Public Trustees’ Forum;
- Public Advocate of the ACT and the ACT Civil and Administrative Tribunal (ACAT) in the interests of financial management clients;
- JACS Directorate to contribute to the Directorate’s strategies and outcomes;
- ACT Office for Ageing by sponsoring Life’s Reflections and the Silver Screen Film Festival each year; and,
- ACT Council on the Ageing and actively contributes to Seniors Week activities through annual seminars and sponsorships.



Senior Deputy Public Trustee Doug Gillespie at launch of Silver Screen Film Festival

ENHANCING SKILL AND CAPABILITIES

PTACT is a learning organisation and provides excellent opportunities for its staff to access contemporary industry training. We have invested in technology to facilitate better use of staffing resources and to improve capability across our product and service range.

PTACT seeks to attract people with qualifications, skills and personal qualities commensurate with the needs of the organisation. Given the consumer-driven demand for services, it is vital that PTACT has the flexibility to grow as demand dictates and within the budgetary context.

Succession planning is vital to PTACT given the age profile and skill sets of its senior managers. Skill development and a strong training budget is fundamental to succession planning.

During the year, PTACT established a “Knowledge Base” portal which provides desktop access to Manuals, Precedents etc.

E.2 LEARNING AND DEVELOPMENT

TRAINING

The major part of PTACT’s learning strategy is provided through on-the-job experience with around 30% coming from exposure to peers, coaches and mentors as well as formal education.

PTACT also accesses significant training through programs provided by JACS. This training is vital to PTACT staff as public servants in the JACS Directorate and is consistent with that available to all JACS staff.

PTACT’s staff have completed training in the ACT Government’s Respect, Equity and Diversity Framework through Bullying and Harassment seminars as well as cross-cultural awareness training.

PTACT’s Practice Manual, now available through the “Knowledge Base” portal continues to be a ‘work in progress’ to provide a uniform practice resource for staff and management.

Continuing Legal and Taxation education is provided to our professional staff to meet the demands of an increasingly complex legal/accounting/tax environment and to complement our management of risk. Several staff members are receiving study assistance in the completion of their professional studies.

Formal industry training is presently sourced through a collaborative arrangement between the Financial Services Council of Australia and the University of Western Sydney as well as the Financial Services Institute of Australasia.

During the reported year, approximately \$40,000 was spent towards staff training. In addition the JACS Directorate provided training valued at approximately \$15,000.

The “Training Wheels” program is an outcome of PTACT’s Continuous Improvement Group. Under the program, PTACT conducts regular training sessions on a range of subjects predominantly by staff within the office in their area of expertise. External presenters are also invited.

The following table sets out Learning and Development opportunities provided to PTACT staff –

INITIATIVE	PARTICIPANTS
Aboriginal and Torres Strait Islander Awareness Training	8
ACT Law Society –	2
- Good Will Drafting	1
-10 Points in One Day	
ACT Performance Framework Launch	1
Address Adult Literacy and Numeracy	2
Advanced Diploma of Management - CIT	1
Advanced Wizard Corp	1
Bachelor of Laws - University of Canberra	1
Bullying & Harassment Awareness	6
Certificate 111 & 1V in Accounting - CIT	1
Certificate IV in Government (Project Management) Program	2
Certificate IV in Financial Services (Personal Trust Administration)	8
Certified Practising Accountant - CPA Australia	2
Customer Service Training - Yellow Edge	1
Diploma of Government - CIT	2
Domestic Violence Awareness	2
Excel 2007/2010 Beginner	3
First Five Minutes Response - Fire Warden training	2
Flextime and Attendance	1
Fraud & Ethics Awareness training - Managers & T02, (JACS)	14
Fraud Awareness Training - JACS	26
Fraud Awareness Training - KPMG	34
Free Legal Studies	5
Inductions – JACS	5
Introduction to Discrimination Law	4
Introduction to Government Procurement- JACS	1
IPad Training - JACS	1
JACS Induction training	7
Justice of the Peace Training - CIT	1
Leading with Emotional Intelligence	1

INITIATIVE	PARTICIPANTS
Mail Handling - Is it safe to open?	2
Managing Your Time	1
NAIDOC Week - Aboriginal Hostels	2
Ombudsman Training - ACT Ombudsman	1
Outlook 2007/2010 – Beginner/Intermediate	4
Personal Achievement and Development Planning session	32
Private Seminars and Talks	16
Professional Development Programs	1
RED Framework	4
Resilience in Self	1
SharePoint Training	1
Share Point Upgrade	1
Skills & Strategies for difficult calls	1
Strategic Management in Accounting - Yellow Edge	1
Supervising Return to Work	1
The New Supervisor	1
Training Wheels Program -	
- ORS - Births Deaths and Marriages	17
- Funerals- What to do? Toscan Dinn Funerals	18
- TACT (Business system) training	27
- Understanding NDIS - Disability ACT	29
- JACS Library- How can we use it effectively	15
Transition to Retirement	6
TRIM training	2
Understanding Domestic Violence	1
Understanding Flex - Shared Services	1
Visual Basic Training - Wizard	1
Word 2007/2010 Beginner	2
Word Intermediate	2
Workplace Health and Safety Refresher for Executives	2
Work Place Safety - Workplace Health and Safety Representative	1
Writing for Government	6

E.3 WORKPLACE HEALTH AND SAFETY

PTACT has developed Workplace Health & Safety and Injury Management Strategies as part of its risk management framework. The JACS Annual Report 2013-2014 incorporates PTACT's statistics in respect to S.171 & 172 of the *Work Safety Act 2008*.

PTACT has two Workplace Health and Safety representatives. Under PTACT's Workplace Health & Safety and Injury Management Strategies, the following health and safety initiatives were undertaken in 2013-14 –

- Three-monthly check and test of duress alarms.
- Ergonomic seating provided to suit the individual needs of staff as required.
- Hazardous Chemicals Substance Register maintained.
- Regular workplace inspections to cover all areas of identified risk.
- Influenza Vaccine administered to 31 PTACT staff.
- Tested and tagged all electrical appliances.
- Regular blood donations by PTACT staff.
- First Aid Kits for office and vehicles inspected and replenished.
- Protective clothing kits provided in both vehicles for site visits.
- Fire safety audit & fire evacuations.
- Tested smoke alarms and sprinklers.
- All PTACT staff have undertaken bullying and harassment training.
- Presentations to all staff in dealing with clients with a mental health issue.
- Pest extermination for office premises.
- 7 reimbursements made for staff eye-testing and 16 claims for reimbursement of health and well-being initiatives.

The table below sets out PTACT's Incident Summary for 2013-14 based upon information provided by the Workplace Injury Performance Unit of Chief Ministers Directorate.

STATUTORY OFFICE	SECTION 38 NOTIFIABLE INCIDENTS	INCIDENTS WITHOUT INJURY	MINOR INJURIES	LOST TIME INJURIES	TOTAL ALL INCIDENTS
Public Trustee for the ACT	0	1	0	0	1

During the year no accidents or dangerous occurrences, requiring the giving of notices under S. 38, 171 & 172 of the *Work Safety Act 2008*, were reported.

The annual workers' compensation premium rate for 2014 is 2.09% (including deficit levy) representing a marginal increase on the premium rate of 2.04% for 2012-13. The .21% deficit levy is applied on an ongoing basis due to adverse investment returns, changed economic assumptions and increasing long term claim costs and aims to return the scheme to surplus within ten years.

The increase resulted from further re-structuring of ACT Government Comcare insurance arrangements and did not result from a negative performance by PTACT.

E.4 WORKPLACE RELATIONS

This has been covered in the JACS Annual Report 2013-14.

The following tables set out PTACT's SEA and AWA arrangements -

DESCRIPTION	NO. OF INDIVIDUAL SEAS	NO. OF GROUP SEAS	TOTAL EMPLOYEES COVERED BY GROUP SEA'S	TOTAL
	A	B	C	[A-C]
SEAS				
Number of SEAs as at				
30 June 2013	1	Nil	Nil	1
Number of SEAs entered into during period	1	Nil	Nil	1
Number of SEAs terminated during period	Nil	Nil	Nil	Nil
The number of SEAs providing for privately plated vehicles as at 30 June 2012	Nil	Nil	Nil	Nil
Number of SEAs for employees who have transferred from AWAs during period	Nil	Nil	Nil	Nil
AWAS				
Number of AWAs as at 30 June 2013	Nil	Nil	Nil	Nil
Number of AWAs terminated/lapsed (including formal termination and those that have lapsed due to staff departures)	Nil	Nil	Nil	Nil
		CLASSIF. RANGE	REMUN AS 30.6.2014	
Individual and Group SEAs		SOG Grade B	\$146,178.00.	
AWAs (includes AWAs ceased during period)		Nil	Nil	

E.5 STAFFING PROFILE

OUR STAFFING PROFILE



Public Trustee staff

Full Time Equivalent Staff and Headcount

	FEMALE	MALE	TOTAL
FTE by Gender	29.9	9.8	39.7
Headcount by Gender	33	10	43
% of Workforce	76.7%	23.3%	100%

Classifications

CLASSIFICATION GROUP	FEMALE	MALE	TOTAL
Administrative Officers	30	6	36
Executive Officers	-	1	1
Legal Officers	1	1	2
Senior Officers	2	2	4
TOTAL	33	10	43

Employment Category by Gender

EMPLOYMENT CATEGORY	FEMALE	MALE	TOTAL
Casual	-	-	-
Permanent Full-time	22	8	30
Permanent Part-time	5	1	6
Temporary Full-time	4	1	5
Temporary Part-time	2	-	2
TOTAL	33	10	43

Average Length of Service by Age by Gender

AVERAGE LENGTH OF SERVICE	PRE BABY BOOMERS		BABY BOOMERS		GENERATION X		GENERATION Y		TOTAL	
	F	M	F	M	F	M	F	M	F	M
0-2	-	-	2	-	3	-	2	-	7	-
2-4	-	-	6	1	3	-	-	1	9	2
4-6	-	-	1	-	1	1	-	-	2	1
6-8	-	-	4	-	1	-	-	2	5	2
8-10	-	-	2	-	1	-	-	-	3	-
10-12	-	-	3	-	-	1	-	1	3	2
12-14	-	-	-	-	1	-	-	-	1	-
14 plus	-	-	2	3	1	-	-	-	3	3

Average Length of Service by Gender

GENDER	AVERAGE YEARS OF SERVICE
Female	6.7
Male	11.9
TOTAL	7.9

Age Profile

AGE GROUP	FEMALE	MALE	TOTAL
Under 25	1	-	1
25-34	1	4	5
35-44	8	1	9
45-54	14	2	16
55 and over	9	3	12

Agency Profile

BRANCH/DIVISION	FTE	HEADCOUNT
PUBLIC TRUSTEE	39.7	43
TOTAL	39.7	43

Agency Profile by Employment Type

BRANCH/DIVISION	PERMANENT	TEMPORARY	CASUAL
PUBLIC TRUSTEE FOR ACT	36	7	-
TOTAL	36	7	-

Equity and Workplace Diversity

	HEADCOUNT	% OF TOTAL STAFF
Aboriginal/Torres Strait	0%	0%
Culturally & Linguistically Diverse	9	20.9%
People with a Disability	0%	0%



F. FINANCIAL MANAGEMENT REPORTING

F.1 FINANCIAL MANAGEMENT ANALYSIS

GENERAL OVERVIEW

Objectives

The primary objective of the Public Trustee for the Australian Capital Territory (PTACT) is to provide safe, accessible and permanent trustee services to residents of the Australian Capital Territory.

PTACT's principal activities include:

- preparing wills where PTACT is named as executor or co-executor;
- administering deceased estates under will or intestacy;
- acting as trustee for life interest estates and persons lacking legal capacity;
- providing financial management under Enduring Power of Attorney, and under Order of the ACT Civil and Administrative Tribunal;
- providing asset services in relation to confiscated criminal assets;
- providing taxation and safe custody services for established clients;
- acting as trustee for The Capital Region Community Foundation;
- acting as agent for Unclaimed Money;
- undertaking investment responsibility for ACT Government Trust Funds; and
- acting as Chair of the Official Visitors Board and providing administrative services to Official Visitors.

Risk Management

PTACT's Fraud, Corruption and Risk Mitigation Strategy addresses ACT Government requirements in respect to risk assessment and mitigation. The plan covers investment, financial, operational and administrative risk as well as workplace health and safety. PTACT's major risks have now been included in the Justice and Community Safety Directorate Risk Management Plan. PTACT engaged KPMG-Forensic to provide fraud awareness training to all staff in August 2013. KPMG has a continuing role under contract to review PTACT's controls and risks.

Given PTACT's commercial focus, the approach to risk management provides clients with the assurance that low risk/high value services can be delivered. The Strategy covers operational, tactical and strategic risks.

PTACT has identified the following potential risks that may influence the future financial position of the office –

- PTACT 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 PTACT's Community Service Obligations. PTACT has once again committed continuing support for the Life's Reflections Photographic Competition and the Silver

Screen Film Festival. These activities are important events in the Office for Ageing calendar and are ideal promotional opportunities for PTACT given its client demographic.

- PTACT must identify and acquire contemporary systems to address emerging business needs and workloads. PTACT has engaged Design Management Australia to develop Stage 2 of the unclaimed money project including an online claims facility. The facility will enable persons to identify and claim unclaimed money with minimal administrative burden and, in many cases completely online.
- The Public Trustee's Fraud, Corruption and Risk Mitigation Strategy identifies significant risk associated with the high volume of transactions in many of its services. Additionally there is a significant level of client demand requiring immediate attention. KPMG Forensic has been retained on contract to examine and report on the controls around these activities to ensure that the Public Trustee applies best practice and an appropriate level of risk management.

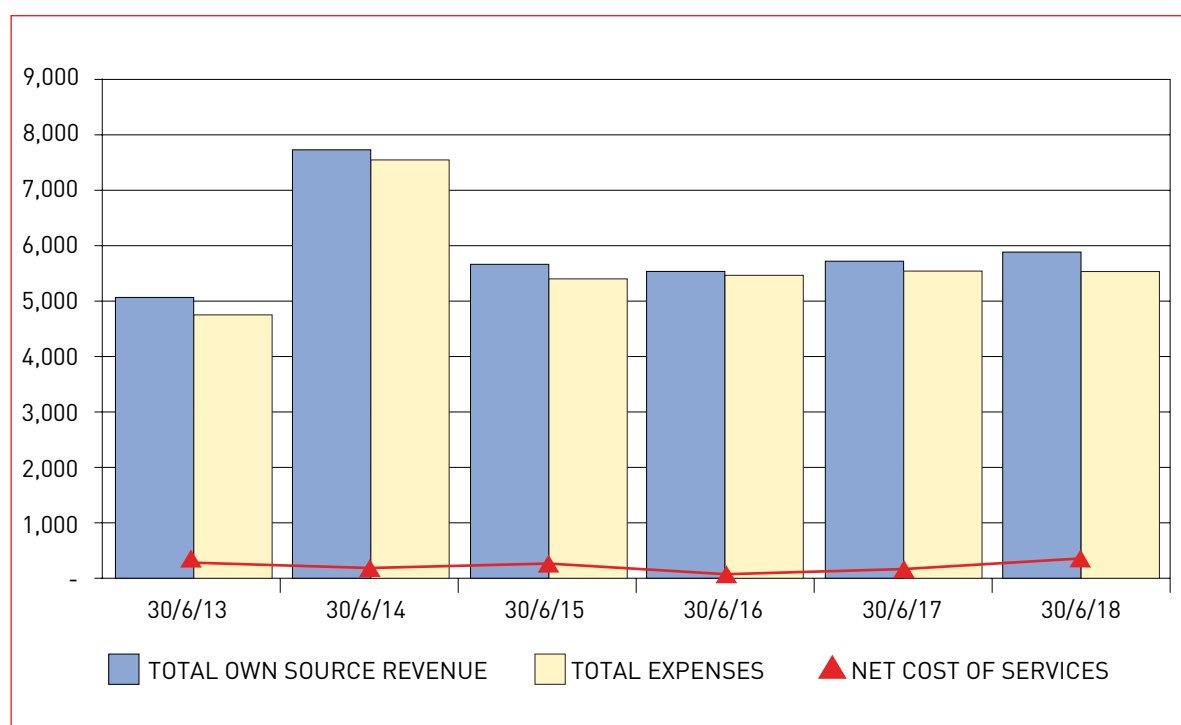
FINANCIAL PERFORMANCE

The following financial information is based upon the audited actual figures for 2013-14, the audited Financial Statements for 2012-13 and 2013-14 budget estimates contained in the 2013-14 Budget Paper Number 4 and the Statement of Intent.

Operating Result

The operating surplus for the period ending 30 June 2014 is **\$182,547**. The result is higher than the budget estimate of **\$90,000** for the same period, and a decrease of **\$124,558** over the previous year for the same period.

Figure 1 - Operating Result



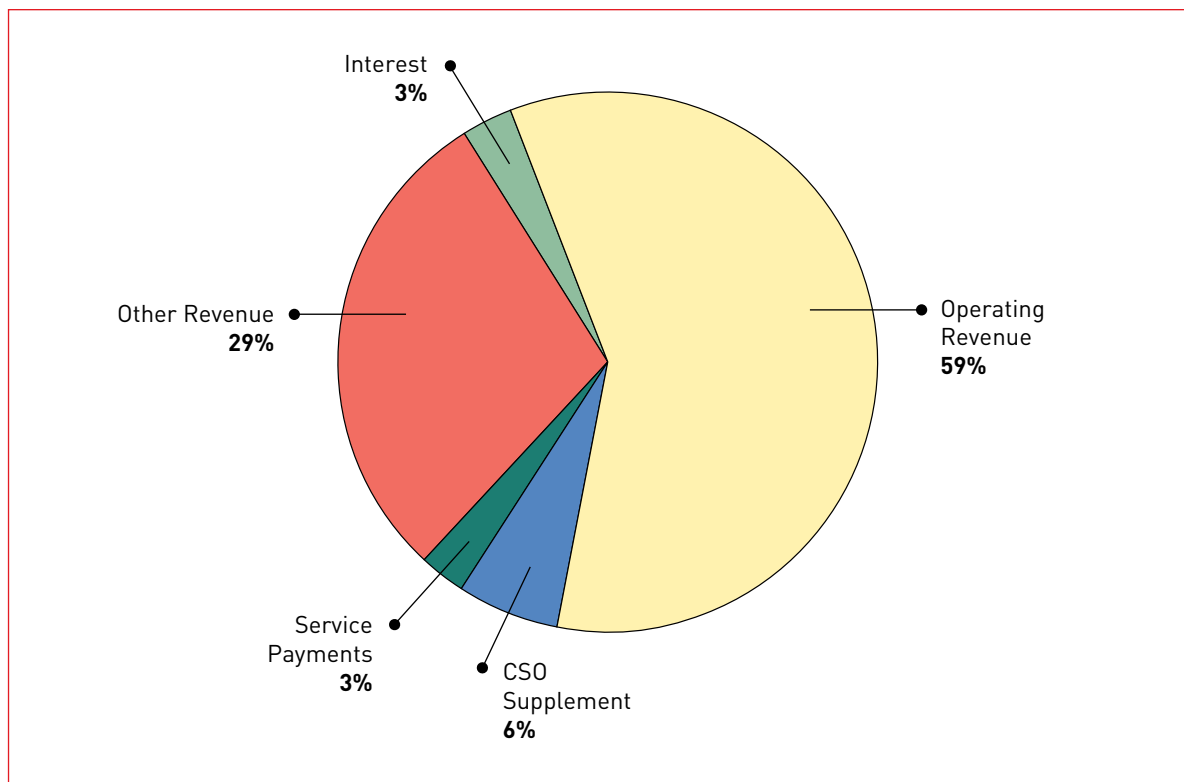
The above chart reflects audited actual figures for 2012-13 and 2013-14 and estimated outcomes as shown in Budget Paper 4 of 2013-14.

An operating surplus has occurred. The surplus is higher than anticipated. This was due to increased revenue resulting from an increase in official visitor's income and an overall increase in fees received.

Expenses were also higher than anticipated, due to higher costs associated with the administration of the Official Visitors Scheme and costs associated with the review of client accounts as a result of irregularities discovered.

Total Revenue

Figure 2 - Components of Revenue



As illustrated in Figure 2 PTACT derived 74% of its revenue from fees and charges relating to the provision of trustee services.

Total revenue for the period ending 30 June 2014 was \$7,693,350. This is \$2,937,350 higher than the 2013-14 budget estimate of \$4,756,000 and an increase of \$2,652,364 compared to the same period in the 2012-13 year. The higher income, compared to budget and to the prior year is due to -

- management fees from higher value of invested funds and additional funds invested. Management fees are percentage based and are taken on the value of assets at period end (monthly, quarterly or yearly – dependent on the Public Trustee's fee determination);

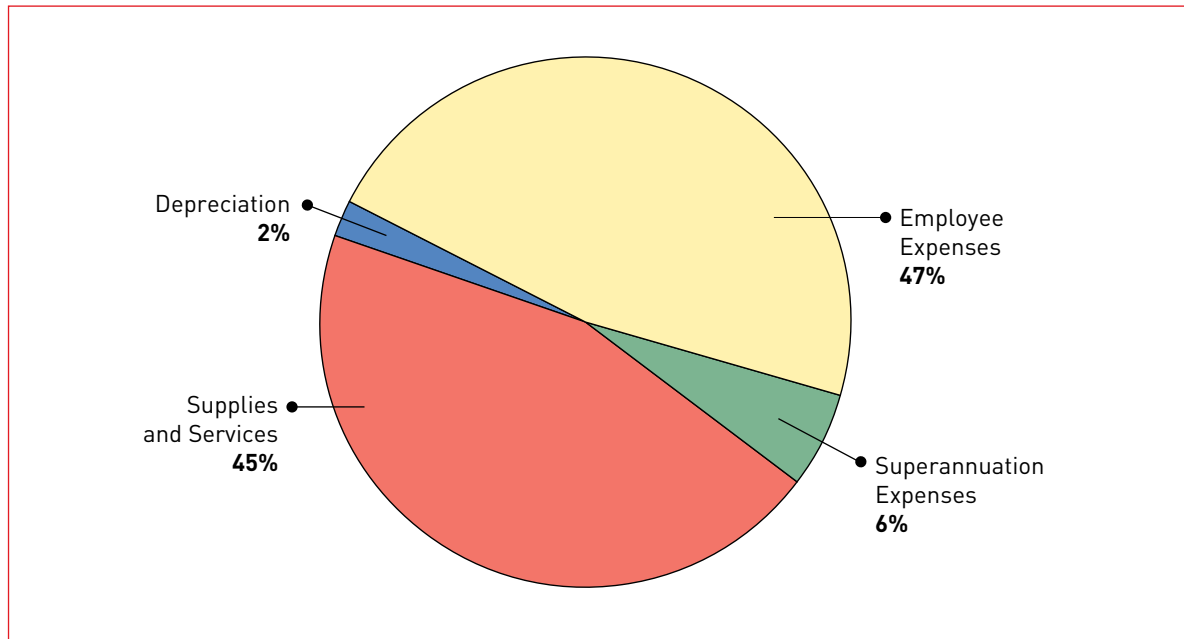
- transfer of funds to the Public Trustee from three ACT Government Agencies in relation to the administration of the Official Visitors Scheme. This was not received in the previous period, nor was it in the 2014 Budget figures as the funds were transferred in September 2013;
- a successful claim on our fidelity policy with the ACT Insurance Authority as a result of irregularities found in client accounts. The increase in this income has been nearly completely offset by an increase in expenses; and
- lower interest rates on offer. Income commission is percentage based and is reliant on returns received on various types of income from clients that we are able to charge fees on as per our fee determination. The higher the income received, the higher the commission and the opposite if income decreases; and
- a gain on the sale of the office motor vehicle.

The increase in income compared to the prior year is due to:

- an increase in management fees has occurred due to an increase in the value of invested funds and an increase in funds invested. Management fees are percentage based and are taken on the value of assets at period end (monthly, quarterly or yearly – dependent on the Public Trustee’s fee determination);
- the transfer of funds to the Public Trustee in relation to the administration of the Official Visitors Scheme. This was not received in the previous period, nor was it in the 2014 Budget figures as the funds were transferred in September 2013;
- a successful claim on our fidelity policy with the ACT Insurance Authority as a result of irregularities found in client accounts;
- a decrease in interest rates on offer; and
- a gain on sale of the office motor vehicle.

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 3.

Figure 3 - Components of Expenses

Total expenses for the period ending 30 June 2014 were \$7,510,803 of which \$3,985,018 or 53% were employee-related (including superannuation). Total expenses are \$2,844,803 higher than the 2013-14 budget estimate of \$4,666,000 for the corresponding period. By comparison, actual expenses for the previous year were \$4,733,881 for the same period.

The fluctuation in employee expenses compared to the 2013-14 budget and to the prior year was in relation to an increase in employee expenses, due to:

- an increase in staff numbers partly due to the engagement of extra staff to assist in the investigation of irregularities in client financial accounts. This included working with KPMG Forensic and ACT Policing to analyse and report on client accounts affected;
- an increase in staffing numbers to cope with the increase in general business; and
- an increase in wages as a result of a new enterprise agreement.

In comparison to the previous period, the increase in employee expenses occurred due to:

- an increase in staff numbers partly due to the engagement of extra staff to assist in the investigation of irregularities in client financial accounts. This included working with KPMG Forensic and ACT Policing to analyse and report on client accounts affected;
- an increase in staffing numbers to cope with the increase in general business; and
- an increase in wages as a result of a new enterprise agreement.

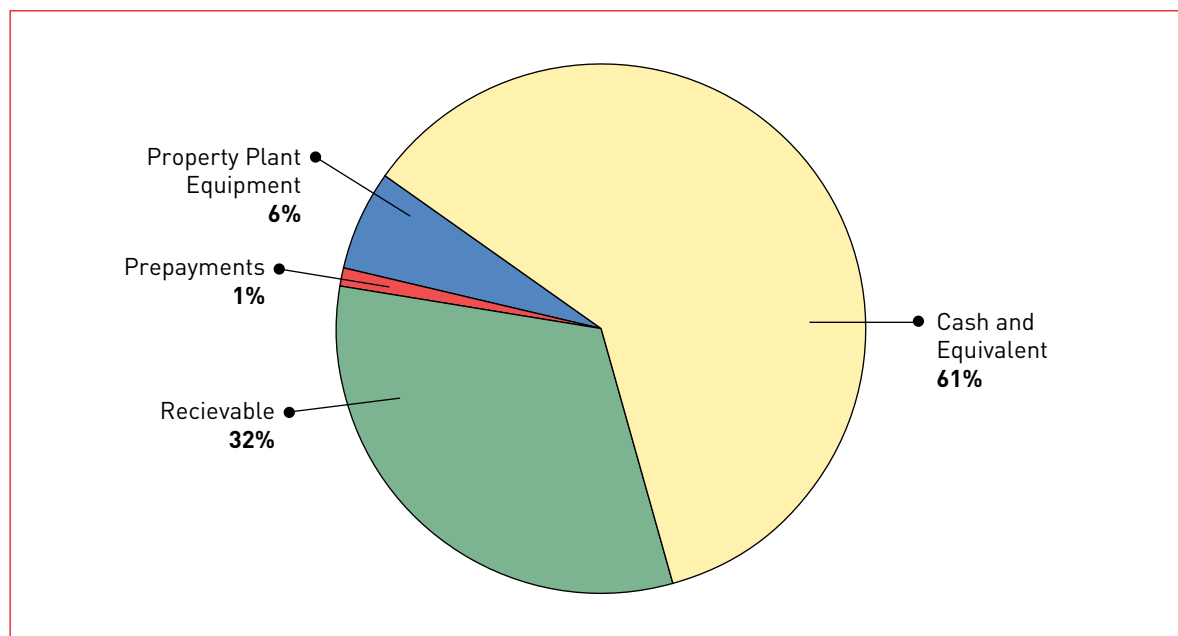
There was also a significant increase in supplies and services compared to the 2013-14 budget and in comparison to the previous year due to:

- the implementation of the administration of the Official Visitors Scheme which was taken over by the Public Trustee in September 2013; and
- costs associated with the review of client accounts as a result of irregularities found.

Public Trustee Financial Position

Key indicators of the health of PTACT's financial position include 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.

Figure 4 - Components of Assets as at 30 June 2014



PTACT reported a total asset base of \$7,865,988 of which \$4,600,000 is invested in term deposits with various financial institutions and \$231,973 is held in demand deposit cash accounts for ongoing expenses. The balance of assets, \$3,034,015 is made up of receivables of \$2,528,679, prepayments of \$33,576 and plant and equipment of \$471,760. Total assets are \$1,876,988 higher than the budget estimate of \$5,989,000 and \$1,902,825 higher compared to the same period in the 2012-13 year. The higher amount of assets is attributable to:

Higher receivables compared to the 2013-14 budget was due to:

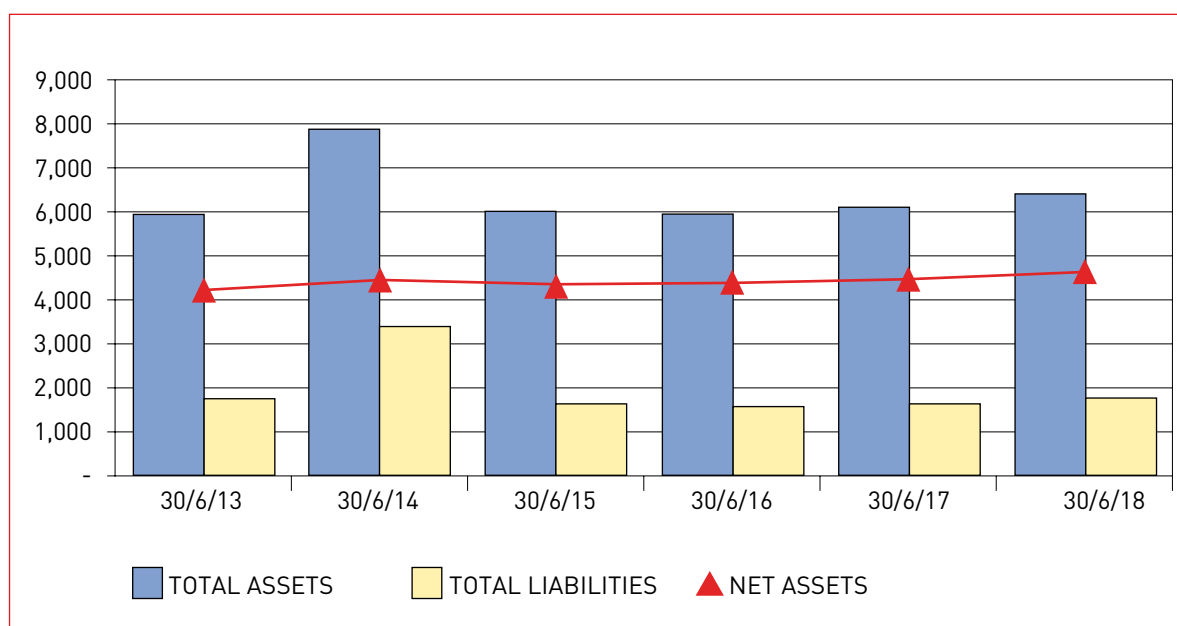
- In comparison to the previous period, the increase in receivables was mainly due to:
 - reimbursement of expenses from ACT Insurance Authority in relation to an insurance claim through our fidelity insurance; and
 - fees receivable from the Public Trustee Trust Account for unclaimed money. In the previous year these fees were received before the end of the financial year.
- fees receivable from the Public Trustee Trust Account for unclaimed money. In the previous year these fees were received before the end of the financial year.

Sustained Asset Base

The ability of PTACT to sustain its asset base is indicated by changes in net assets.

Figure 5 illustrates PTACT's ability to maintain a strong net asset position.

Figure 5 - Summary Statement of Financial Position



The above chart reflects audited figures as at 30 June 2013, actuals as at 30 June 2014 and estimated outcomes as shown in Budget Paper 4 and the Statement of Intent for 2013-14.

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

Liquidity

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 PTACT.

Table 1 - Current Ratio

	PRIOR YEAR ACTUAL \$'000 2013	CURRENT YEAR ACTUAL \$'000 2014	CURRENT YEAR BUDGET \$'000 2014	FORWARD YEAR BUDGET \$'000 2015	FORWARD YEAR BUDGET \$'000 2016	FORWARD YEAR BUDGET \$'000 2017	FORWARD YEAR BUDGET \$'000 2018
Total Current Assets	5 524	7 394	5 631	5 757	5 849	6 106	6 404
Total Current Liabilities	1 508	3 188	1 451	1 368	1 297	1 351	1 457

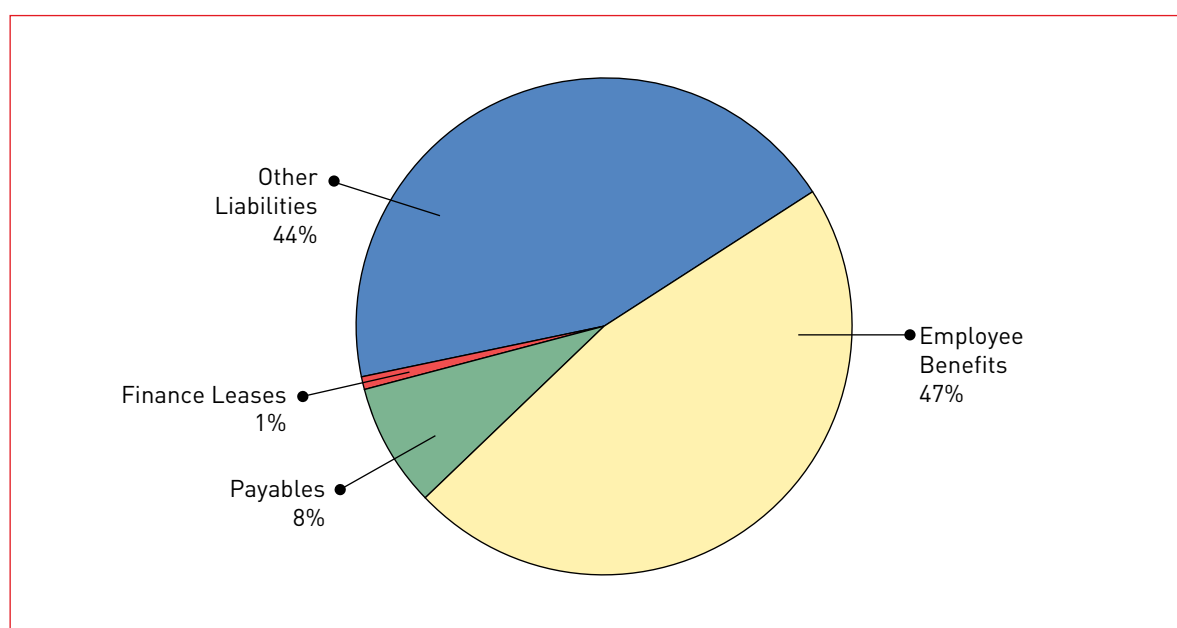
	PRIOR YEAR ACTUAL \$'000 2013	CURRENT YEAR ACTUAL \$'000 2014	CURRENT YEAR BUDGET \$'000 2014	FORWARD YEAR BUDGET \$'000 2015	FORWARD YEAR BUDGET \$'000 2016	FORWARD YEAR BUDGET \$'000 2017	FORWARD YEAR BUDGET \$'000 2018
Net Current Assets	4 016	4 206	4 180	4 389	4 552	4 755	4 947
Current Ratio	3.66:1	2.32:1	3.88:1	4.20:1	4.51:1	4.52:1	4.40:1

PTACT's current ratio as at 30 June 2014 is **2.32 to 1**, lower than the budgeted current ratio at 30 June 2014 of **3.88 to 1**. PTACT anticipates current assets to remain relatively stable and will maintain a strong level of liquidity.

Liabilities

PTACT's total liabilities for the period ending 30 June 2014 were **\$3,339,464**. This balance is **\$1,712,464** higher than the 2013-14 budgeted figure of **\$1,687,000** and higher than the actual balance as at 30 June 2013 by **\$1,712,464**.

Figure 6 - Components of Liabilities at 30 June 2014



The main fluctuation in liabilities, compared to the 2013-14 budget was due to:

- an increase in employee benefits as a result of an increase in staffing levels and salaries;
- a Provision for Compensation of Trust Clients as a result of irregularities found in accounts in January 2014; and
- a Finance Lease as a result of the lease of a vehicle in October 2013.

Financial Strength

The 'financial assets to total liabilities ratio' is an indicator of financial strength and reflects the ability to meet current and recognised future obligations from those assets capable of being converted to cash. Financial assets include cash, investments and receivables.

Table 2 - Financial Assets to Total Liabilities Ratio

	PRIOR YEAR ACTUAL \$'000 2012-13	CURRENT YEAR ACTUAL \$'000 2013-14	CURRENT YEAR BUDGET \$'000 2013-14	FORWARD YEAR BUDGET \$'000 2014-15	FORWARD YEAR BUDGET \$'000 2015-16	FORWARD YEAR BUDGET \$'000 2016-17	FORWARD YEAR BUDGET \$'000 2017-18
Total Financial Assets	5 452	7 301	5 599	5 727	5 818	6 074	6 371
Total Liabilities	1 739	3 399	1 687	1 629	1 575	1 648	1 770
Net Assets	3 713	3 962	3 912	4 098	4 243	4 426	4 601
Financial Assets to Liabilities Ratio	3.14:1	2.15:1	3.32:1	3.52:1	3.69:1	3.69:1	3.60:1

The ratio at 30 June 2014 as indicated in Table 2 is **2.15 to 1**. The ratio of **2.15 to 1** decreased from **3.14 to 1** at 30 June 2013. This shows that the liquidity of PTACT is adequate to meet its financial obligations.

With financial assets to total liabilities ratios well in excess of 1:1, PTACT is well positioned to meet long term liabilities.

Other Disclosure

Pursuant to the Chief Minister, Treasury and Economic Development Directorate "Management Discussion and Analysis Guidance Paper", where an emphasis of matter is contained in the audit report, proposed remedial action/comment should be discussed.

The Public Trustee for the ACT has implemented strategies to address the discovery of financial irregularities pending completion of the investigation. This includes investigation by ACT Policing, KPMG Forensic and the Public Trustee to identify and verify individual irregularities, to reimburse any losses together with interest to the client account and to recover these losses from ACT Insurance Authority. This process will continue until completion of the investigation.

PTACT Historical Financial Performance

	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
APPROP	\$598,000	\$605,000	\$613,000	\$631,000	\$643,000	\$655,000	\$669,000	\$682,000	695,000	706,000
REVENUE	\$2,758,820	\$3,212,571	\$4,030,681	\$3,980,105	\$3,682,098	\$3,543,000	\$5,007,132	\$5,249,994	\$5,040,986	\$7,693,350
EXPEND.	\$2,493,284	\$2,712,792	\$3,083,142	\$3,408,548	\$3,799,612	\$3,896,000	\$3,830,580	\$4,495,960	\$4,733,881	\$7,510,803
RESULT	\$266,536	\$499,779	\$947,539	\$571,557	(\$117,514)	(\$87,276)	\$1,176,552	\$754,034	\$307,105	\$182,547
DIVIDEND	\$133,268	\$199,889	\$473,769	\$285,778	Nil	Nil	\$588,276	\$377,017	\$153,553	\$91,273
STAFF (FTE)	27	29.6	31.6	32	34	34	35	39	39	39.7

NOTES

2000-04 Business Development Funding from ACT Treasury

2003-04 Loss relates to Long Service Leave liability

2005-06 Dividend reduced by \$100K to cover cost of removal to 221 London Crct

2006-07 Revenue injection of \$527K from vacation of 4 Mort St

2008-10 Loss relates to Global Financial Crisis

2013-14 Reflects the effects of injection of appropriation for Official Visitors as well as the effect of expenditure and reimbursement of moneys relating to the investigation of financial irregularities.

F.2 FINANCIAL STATEMENTS

(Refer Annexure – Financial Statements)

F.3 CAPITAL WORKS

No Capital Works were undertaken during 2013-14.

F.4 ASSET MANAGEMENT

NON-GOVERNMENT ASSETS

The Public Trustee manages significant non-government assets in its capacity as Trustee. These assets are not reported, as they are not within the scope of this requirement.

GOVERNMENT ASSETS

During 2013-14 no significant assets were added to, or removed from, the Public Trustee's corporate assets register.

VEHICLE

The only government asset directly managed by the Public Trustee is a commercial van which was valued at \$3,000.00 in June 2014. This asset is internally managed in respect to insurance and maintenance and will be disposed of in early 2014-15. PTACT carried out minor repairs and maintenance in addition to scheduled servicing during the year. The van is insured through AON Insurance.

WAREHOUSE

PTACT has title to a warehouse at 50-52 Grimwade Circuit, Mitchell. The asset is a trust asset and is unencumbered. The warehouse is used to store client effects relating to deceased estates and financial management clients. The warehouse may also be used to store confiscated criminal assets awaiting liquidation. The warehouse is part of a unit title development consisting of four units. Building insurance is sourced through the owners' corporation whilst contents insurance is sourced through ACTIA.

The warehouse was inspected and valued in June 2013 by Herron Todd White at \$290,000.00. Revaluation is conducted on a three-yearly basis. The warehouse contains no hazardous materials.

OFFICE ACCOMMODATION AND EQUIPMENT

PTACT employs 43 staff, 42 of which are accommodated in 620 m² on the Ground Floor, 221 London Circuit, Canberra City.

The ATLAS system is used to track and manage IT equipment.

F.5 GOVERNMENT CONTRACTING

PROCUREMENT OVERVIEW

PTACT did not undertake any procurement activities during the reported year.

GOVERNMENT PROCUREMENT SERVICES

PTACT confirms that it has -

- complied with the quotation and tender thresholds laid out in the Government Procurement Regulation 2007;
- ensured all contractors have complied with their employee and industrial relations obligations;
- partnered with Shared Services Procurement for all contracts which exceed \$200,000 in value for goods and services, or \$25,000 in value for works (in accordance with Commerce & Works Directorate Output 3.1 of Budget Paper 4); and
- submitted all relevant contracts for review by the Government Procurement Board consistent with the provisions of the Government Procurement Regulation 2007.

ADDITIONAL INFORMATION FOR PROCUREMENTS EXEMPTED FROM QUOTATION AND TENDER THRESHOLD REQUIREMENTS

Contracts in this category currently entered into and continuing include -

- **PriceWaterhouseCooper (PWC)** for services as asset/markets consultant following signing of a Letter of Engagement in February 2011– Cost per report is \$5,500 as required.
- **Vanguard Investments Australia** – Contract for the supply of Fund Manager Services in connection with PTACT's International Equities Fund and Listed Property Fund. Fee confirmed at 9 basis points – Accessed under existing contract with ACT Treasury.
- **Tasman Asset Management Limited trading as Tyndall** for services as Fund Manager for Australian Equities Common Fund – Rate .66% - contract dated November 2005.
- **BNP Paribas (formerly Asteron)** – for custodian services in respect to the Public Trustee's Australian Equities Fund - Rate .1% - Contract dated November 2005.
- **Ultradata** for use under licence and technical support of the TACT trust accounting business system. Annual Licence fees are in the order of \$70,000.
- **DPL** - licence fees of \$24,043.17 for ongoing use of the Chameleon Wills Drafting Software.
- **I & H Development** - for maintenance of the Unclaimed Money database. Services provided on an ad hoc basis as and when required at an agreed hourly rate.
- **ICT Shared Services** - for Taxation Assistant software acquired and implemented to replace MYOB AE.
- **LyntonAust** - for hosting and administering two websites for PTACT and GreaterGood. The rate is in the order of \$5,000.00 pa.

SOCIAL PROCUREMENT

As PTACT did not undertake any reportable procurement activities during the year, no social procurement outcomes are reported.

F.6 STATEMENT OF PERFORMANCE

Refer F2 above and Annexure - Financial Statements.



ANNEXURE - FINANCIAL STATEMENTS



AUDITOR-GENERAL AN OFFICER
OF THE ACT LEGISLATIVE ASSEMBLY 

REPORT OF FACTUAL FINDINGS

PUBLIC TRUSTEE FOR THE ACT

To the Members of the ACT Legislative Assembly

Report on the statement of performance

The statement of performance of the Public Trustee for the ACT (the Public Trustee) for the year ended 30 June 2014 has been reviewed.

Responsibility for the statement of performance

The Chief Executive Officer of the Public Trustee is responsible for the preparation and fair presentation of the statement of performance in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate records and internal controls that are designed to prevent and detect fraud and error, and the systems and procedures to measure the results of the accountability indicators reported in the statement of performance.

The auditor's responsibility

Under the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*, I am responsible for providing a report of factual findings on the statement of performance.

The review was conducted in accordance with Australian Auditing Standards applicable to review engagements, to provide assurance that the results of the accountability indicators reported in statement of performance have been fairly presented in accordance with the *Financial Management Act 1996*.

A review is primarily limited to making inquiries with representatives of the Public Trustee, performing analytical and other review procedures and examining other available evidence. These review procedures do not provide all of the evidence that would be required in an audit, therefore, the level of assurance provided is less than that given in an audit. An audit has not been performed and no audit opinion is being expressed on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the accountability indicators reported in the statement of performance or the related performance targets.

No opinion is expressed on the accuracy of explanations provided for variations between actual and targeted performance due to the often subjective nature of such explanations.

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T 02 6207 0833 F 02 6207 0826 E actauditorgeneral@act.gov.au W www.audit.act.gov.au

Electronic presentation of the statement of performance

Those viewing an electronic presentation of this statement of performance should note that the review does not provide assurance on the integrity of information presented electronically, and does not provide an opinion on any other information which may have been hyperlinked to or from the statement of performance. If users of the statement of performance are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the reviewed statement of performance to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the review.

Review opinion

Based on the review procedures, no matters have come to my attention which indicate that the results of the accountability indicators, reported in the statement of performance of the Public Trustee for the year ended 30 June 2014, are not fairly presented in accordance with the *Financial Management Act 1996*.

This review opinion should be read in conjunction with the other information disclosed in this report.



Bernie Sheville
Director, Financial Audits
12 September 2014

**Public Trustee for the ACT
Statement of Performance
For the Year Ended 30 June 2014**

Statement of Responsibility

In my opinion, the Statement of Performance is in agreement with Public Trustee's records and fairly reflects the service performance of the Public Trustee for the year ended 30 June 2014 and also fairly reflects the judgements exercised in preparing it.



Andrew Taylor
Chief Executive Officer
Public Trustee A.C.T.

10 September 2014

**PUBLIC TRUSTEE FOR THE ACT
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2014**

Performance of the Public Trustee for the ACT is measured by the increase in volume of new business, which includes the ability of the Public Trustee to meet agreed standards and provide professional and efficient services to the ACT community.

INDICATOR	Target 2013-14	Actual Outcome 2013-14	Variance %	Notes
Number of current financial management accounts under orders of the ACT Civil and Administrative Tribunal (ACAT)	495	541	9.69	1
Number of active financial management accounts under Powers of Attorney and Enduring Power of Attorney	51	45	(11.79)	2
Number of responses to community call outs following death	3	2	(33.33)	3
Number of wills/funerals arranged	3	7	133.33	4
Number of examinations of accounts provided from external managers under orders of the ACT Civil and Administrative Tribunal (ACAT)	470	488	3.83	5
Number of deceased estate administrations completed < \$100,000	46	33	(28.26)	6
Number of deceased estate administrations completed > \$100,000	34	47	(38.41)	6
Number of trusts held under legal disability < \$200,000	203	240	(31.69)	7
Number of trusts held under legal disability > \$100,000	31	56	9.68	7
Wills	540	532	1.62	8
Percentage of expenditure over total income	98%	98%	0	

Notes

1. The number of clients under ACT Civil and Administrative Tribunal (ACAT) Orders was higher than expected due to the appointment of the Public Trustee as manager of last resort. Being appointed as manager of last resort occurs when there is no individual suitable to manage the affairs of the client as determined by the ACAT.
2. The number of active Enduring Powers of Attorney was less than expected in 2013-14 due to death and transfer of clients to ACT Civil and Administrative Tribunal orders.
3. The number of call-outs by ACT Policing following death is dependent upon the ability of ACT Policing to contact/find known family members. Public Trustee involvement is usually a last resort.

4. The number of welfare funerals arranged varies with level of funds of deceased persons and the ability of the Public Trustee to contact known family members upon a person's death.
5. The number of accounts examined is reliant upon external managers providing accounts to the Public Trustee on an annual basis once contacted by the ACT Civil and Administrative Tribunal.
6. The number of finalised deceased estates being administered by the Public Trustee that have a value of less than, or more than \$100,000, is dependent upon the number of people who die having the Public Trustee appointed as executor, the number of people who die intestate as well as the level of assets at date of death.
7. The number of trusts with a value of less than, or more than \$100,000, depends upon court awarded settlements. Changes to legislation and court nominations may affect the number of clients being administered by the Public Trustee.
8. The number of requests for new and changed wills is greater than anticipated due to a higher demand for will services. The increase in will making services is due to marketing strategies, community education and the quality of customer feedback.

INDEPENDENT AUDIT REPORT

PUBLIC TRUSTEE FOR THE ACT

To the Members of the ACT Legislative Assembly

Report on the financial statements

The financial statements of the Public Trustee for the ACT (the Public Trustee) for the year ended 30 June 2014 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

Responsibility for the financial statements

The Chief Executive Officer of the Public Trustee is responsible for the preparation and fair presentation of the financial statements in accordance with the *Financial Management Act 1996*. This includes responsibility for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

Under the *Financial Management Act 1996*, I am responsible for expressing an independent audit opinion on the financial statements of the Public Trustee.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

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

The audit is not designed to provide assurance on the appropriateness of budget information included in the financial statements or to evaluate the prudence of decisions made by the Public Trustee.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of these financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements of the Public Trustee for the year ended 30 June 2014:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Public Trustee as at 30 June 2014 and the results of its operations and cash flows for the year then ended.

Emphasis of matter

Note 4: 'Irregularities in Trust Funds Administered by the Public Trustee' of the financial statements discloses that irregularities have been detected in trust funds administered by the Public Trustee and these irregularities are under investigation.

The audit opinion is not qualified in respect of this matter.

This audit opinion should be read in conjunction with the other information disclosed in this report.



Bernie Sherville
Director, Financial Audits
12 September 2014

**Public Trustee for the ACT
Financial Statements
For the Year Ended 30 June 2014**

Statement of Responsibility

In my opinion, the financial statements are in agreement with the Public Trustee's accounts and records and fairly reflect the financial operations of the Public Trustee for the year ended 30 June 2014 and the financial position of the Public Trustee on that date.



Andrew Taylor
Chief Executive Officer
Public Trustee for the ACT

11 September 2014

Public Trustee for the ACT
Financial Statements
For the Year Ended 30 June 2014

Statement by the Chief Finance Officer

In my opinion, the financial statements have been prepared in accordance with generally accepted accounting principles, and is in agreement with the Public Trustee's accounts and records and fairly reflect the financial operations of the Public Trustee for the year ended 30 June 2014 and the financial position of the Public Trustee on that date.



Calum Hughes
A/G Chief Finance Officer
Public Trustee for the ACT

11 September 2014

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note No.	Actual 2014 \$	Budget 2014 \$	Actual 2013 \$
INCOME				
Government Payment for Outputs	5	706 000	706 000	695 000
User Charges	6	4 560 766	3 843 000	4 124 133
Insurance Recoveries	7	2 227 662	0	0
Interest	8	192 399	207 000	221 653
Other Gains	9	6 533	0	0
Total Income		7 693 350	4 756 000	5 040 986
EXPENSES				
Employee Expenses	10	3 501 065	3 136 000	3 134 604
Superannuation Expenses	11	483 933	441 000	454 802
Supplies and Services	12	3 376 992	979 000	999 816
Depreciation	13	148 793	110 000	144 659
Total Expenses		7 510 883	4 666 000	4 733 881
Operating Surplus		182 547	90 000	307 105
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in the Asset Revaluation Surplus	24	151 549	0	2 126
Total Other Comprehensive Income		151 549	0	2 126
Total Comprehensive Income		334 096	90 000	309 231

The above Operating Statement should be read in conjunction with the accompanying notes

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
BALANCE SHEET
AS AT 30 JUNE 2014

	Note No.	Actual 2014 \$	Budget 2014 \$	Actual 2013 \$
CURRENT ASSETS				
Cash and Cash Equivalents	16	4 831 973	5 328 000	5 190 013
Receivables	17	2 528 679	273 000	301 108
Other Assets	19	33 576	32 000	32 607
Total Current Assets		7 394 228	5 633 000	5 523 728
NON-CURRENT ASSETS				
Plant and Equipment	18	471 760	358 000	439 435
Total Non-Current Assets		471 760	358 000	439 435
Total Assets		7 865 988	5 991 000	5 963 163
CURRENT LIABILITIES				
Payables	20	290 714	310 000	102 193
Employee Benefits	22	1 505 553	1 096 000	1 251 886
Finance Leases	21	5 314	0	0
Other Provisions	23	1 386 192	45 000	153 553
Total Current Liabilities		3 187 773	1 451 000	1 507 632
NON-CURRENT LIABILITIES				
Employee Benefits	22	83 893	134 000	120 565
Finance Leases	21	28 443	0	0
Other Provisions	23	99 355	102 000	111 263
Total Non-Current Liabilities		211 691	236 000	231 828
Total Liabilities		3 399 464	1 687 000	1 739 460
Net Assets		4 466 524	4 302 000	4 223 702
EQUITY				
Accumulated Funds		3 984 735	3 974 000	3 893 462
Asset Revaluation Surplus	24	481 789	328 000	330 240
Total Equity		4 466 524	4 302 000	4 223 702

The above Balance Sheet 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 2014**

	Accumulated Funds Actual 2014 \$	Asset Revaluation Surplus Actual 2014 \$	Total Equity Actual 2014 \$	Budget 2014 \$
Balance at 1 July 2013	3 893 462	330 240	4 223 702	4 257 000
Comprehensive Income				
Operating Surplus	182 547	0	182 547	90 000
Increase in the Asset Revaluation Surplus	0	151 549	151 549	0
Total Comprehensive Income	182 547	151 549	334 096	90 000
Transactions Involving Owners Affecting Accumulated Funds				
Dividend Approved	(91 274)	0	(91 274)	(45 000)
Total Transactions Involving Owners Affecting Accumulated Funds	(91 274)	0	(91 274)	(45 000)
Balance at 30 June 2014	3 984 735	481 789	4 466 524	4 302 000

The above Statement of Changes in Equity should be read in conjunction with the accompanying notes

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014**

	Accumulated Funds Actual 2013 \$	Asset Revaluation Surplus Actual 2013 \$	Total Equity Actual 2013 \$
Balance at 1 July 2012	3 739 910	328 114	4 068 024
Comprehensive Income			
Operating Surplus	307 105	0	307 105
Increase in the Asset Revaluation Surplus	0	2 126	2 126
Total Comprehensive Income	307 105	2 126	309 231
Transactions Involving Owners Affecting Accumulated Funds			
Dividend Approved	(153 553)	0	(153 553)
Total Transactions Involving Owners Affecting Accumulated Funds	(153 553)	0	(153 553)
Balance at 30 June 2013	3 893 462	330 240	4 223 702

The above Statement of Changes in Equity 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 2014**

	Note No.	Actual 2014 \$	Original Budget 2014 \$	Actual 2013 \$
Cash Flows from Operating Activities				
Receipts				
Operating Receipts		544 046	740 000	785 865
Management Fees		1 590 650	1 358 000	1 438 642
Commission Received		1 791 111	1 750 000	1 855 211
Fees for providing Administrative Services for the Official Visitors Scheme		416 871	0	0
Interest Received		171 376	202 000	243 579
Community Service Obligations		473 000	473 000	488 000
Government Payment for Outputs		233 000	233 000	229 000
Goods and Services Tax Collected from Customers		398 579	375 000	368 548
Insurance Recoveries		263 843	0	0
Other		26 314	10 000	32 814
Total Receipts from Operating Activities		5 906 790	5 138 000	5 419 657
Payments				
Employee		3 284 869	3 138 000	2 980 354
Superannuation		480 425	429 000	453 329
Supplies and Services		1 893 233	968 000	1 182 544
Goods and Services Tax Paid to Suppliers		143 445	112 000	120 089
Goods and Services Tax Remitted to the Australian Taxation Office		274 916	253 000	269 373
Other		33 200	23 000	24 865
Total Payments from Operating Activities		6 110 088	4 923 000	5 030 564
Net Cash (Outflows) / Inflows from Operating Activities	27(b)	(203 298)	216 000	389 093

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014**

	Note No.	Actual 2014 \$	Budget 2014 \$	Actual 2013 \$
Cash Flows from Investing Activities				
Receipts				
Proceeds from the sale of Plant and Equipment		20 000	0	0
		<u>20 000</u>	<u>0</u>	<u>0</u>
Payments				
Payments for Plant and Equipment		19 217	0	6 368
Total Payments from Investing Activities		<u>19 217</u>	<u>0</u>	<u>6 368</u>
Net Cash Inflows / (Outflows) from Investing Activities		<u>783</u>	<u>0</u>	<u>(6 368)</u>
Cash Flows from Financing Activities				
Payments				
Repayment of Finance Lease Liabilities		1 972	0	0
Payment of Dividends		153 553	189 000	377 017
Total Payments from Financing Activities		<u>155 525</u>	<u>189 000</u>	<u>377 017</u>
Net Cash (Outflows) from Financing Activities		<u>(155 525)</u>	<u>(189 000)</u>	<u>(377 017)</u>
Net (Decrease)/Increase in Cash and Cash Equivalents		<u>(358 040)</u>	<u>27 000</u>	<u>5 708</u>
Cash and Cash Equivalents at the Beginning of the Reporting Period		<u>5 190 013</u>	<u>5 299 000</u>	<u>5 184 305</u>
Cash and Cash Equivalents at the End of the Reporting Period	27(a)	<u>4 831 973</u>	<u>5 326 000</u>	<u>5 190 013</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2014**

	Budget 2014 \$	Total Appropriated 2014 \$	Appropriation Drawn 2014 \$	Appropriation Drawn 2013 \$
Government Payments for Outputs	706 000	706 000	706 000	695 000
Total Appropriation	706 000	706 000	706 000	695 000

Government Payments for Outputs are the amounts that appear in the Cash Flow Statement in the Statement of Intent. These amounts also appear in the Cash Flow Statement.

The *Total Appropriated* column is inclusive of all appropriation variations occurring after the Original Budget.

The *Appropriation Drawn* is the total amount of appropriation received by the Public Trustee during the reporting period.

The above Statement of Appropriation should be read in conjunction with the accompanying notes

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

1. OBJECTIVES OF THE PUBLIC TRUSTEE

The objective of the Public Trustee for the ACT (Public Trustee), as authorised by the *Public Trustee Act 1985* and the *Trustee Act 1925*, is to be the community's first choice for trustee and related services that include preparing wills and enduring powers of attorney, administering estates and trust management. The Public Trustee is also responsible for the protection of the financial and property interests of persons with a legal disability, where appointed under the *Guardianship and Management of Property Act 1991* as a financial manager.

The Public Trustee acts as agent for the Territory under the *Confiscation of Criminal Assets Act 2003*, is the delegate for unclaimed moneys under the *Unclaimed Money Act 1950* and holds investment responsibility for government and non-government trust funds. The Public Trustee is trustee for the Perpetual Care Trusts under the *Cemeteries and Crematoria Act 2003* and for the Capital Region Community Foundation (GreaterGood).

The Public Trustee is chair of the Official Visitors Board under the *Official Visitors Act 2012* and is responsible for providing administration services to Official Visitors. The Board represents the Government's commitment to providing the broadest possible professional support to official visitors and reduces unnecessary overlap in the functions of Official Visitors and other Government bodies responsible for protecting vulnerable people.

The Board comprises:-

- Public Trustee for the ACT (Chair);
- Public Advocate of the ACT (Member);
- A Human Rights Commissioner (as determined by the Human Rights Commission); and
- Two Official Visitors (chosen by the Officials Visitors as their representatives).

As an independent Territory Authority, the Public Trustee assumes the function of providing administrative assistance to Official Visitors, being responsible for their appointment, remuneration, training and administrative matters generally.

The Board has no role in determining the functions of Official Visitors. The Board meets community and government concerns that Official Visitors must be administered independently of the Directorates that have an inspection/visitor role.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

The FMA and the *Financial Management Guidelines* issued under the Act, requires the Public Trustee's financial statements to 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 Statement of Appropriation for the year;
- (vi) a summary of the significant accounting policies adopted for the year; and

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of Accounting (Continued)

- (vi) such other statements as are 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 to comply with 'Generally Accepted Accounting Principles' (GAAP) as required by the FMA. The financial statements have been prepared in accordance with:

- (i) Australian Accounting Standards; and
- (ii) ACT Accounting and Disclosure Policies.

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention, except for assets included in plant and equipment which were valued at fair value in accordance with the valuation policies applicable to the Public Trustee during the reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value is measured using the market approach, the cost approach or the income approach valuation techniques as appropriate. In estimating the fair value of an asset or liability, the Public Trustee takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at measurement date.

The above approach to fair value measurement does not apply to leasing transactions within the scope of Australian Accounting Standards 117 Leases or measurements that have some similarities to fair value but are not fair value, such as net realisable value or value in use in AASB 136 Impairment of Assets.

For disclosure purposes, fair value measurements are classified using a Fair Value Hierarchy which is based on the extent to which the inputs to the valuation techniques are observable and the significance of the inputs to the fair value measurement in its entirety. The Fair Value Hierarchy is explained in Note 18 Plant and Equipment.

These financial statements are presented in Australian dollars, which is the Public Trustee's functional currency.

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

b) The Reporting Period

These financial statements state the financial performance, changes in equity and cash flows of the Public Trustee for the year ending 30 June 2014 together with the financial position of the Public Trustee as at 30 June 2014.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Comparative Figures

Budget Figures

The *Financial Management Act 1996* requires the statements to facilitate a comparison with the Statement of Intent. The budget numbers are as per 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 statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

d) Rounding

All amounts in the financial statements have been shown as whole dollars (\$).

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:

Government Payment for Outputs

Government Payment for Outputs is recognised as revenues when the Public Trustee gains control over the funding. Control over appropriated funds is obtained on the receipt of cash.

User Charges – Commission, Management and, Other Fees

Revenue from providing Trustee services is recognised as revenue once the service has been provided.

Insurance Recoveries

Insurance Recoveries are recognised as revenue when the expense that is recoverable under the insurance policy has been incurred. Refer to Note 2 u) *Significant Accounting Judgement and Estimates* and to Note 7 *Insurance Recoveries*.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) Revenue Recognition (Continued)

Interest

Interest revenue is recognised using the effective interest method.

f) Waivers of Debt

Debts that are waived under section 131 of the *Financial Management Act 1996* are expensed during the year in which the right to payment was waived. Details of waivers are disclosed at Note 14 – *Waivers and Write-offs*.

g) Current and Non-Current Items

Assets and liabilities are classified as current or non-current in the Balance Sheet and in the relevant notes. Assets are classified as current where they are expected to be realised within 12 months after the reporting date. Liabilities are classified as current when they are due to be settled within 12 months after the reporting date or the Public Trustee does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Assets or liabilities which do not fall within the current classification are classified as non-current.

h) Cash and Cash Equivalents

For the purposes of the Cash Flow Statement and Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts and are subject to an insignificant risk on changes in value.

i) Receivables

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement.

Total receivables arise in the normal course of providing Trustee services to other agencies and the public. Trade receivables are payable in within 28 days after the issue of an invoice.

The allowance for impairment losses represents the amount of receivables the Public Trustee estimates will not be repaid. The Public Trustee determines the allowance for impairment losses based on objective evidence and a review of overdue balances. The Public Trustee considers the following is objective evidence of impairment:

- (a) becoming aware of financial difficulties of debtors;
- (b) default payments; and
- (c) debts more than 180 days overdue.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j) Acquisition and Recognition of Plant and Equipment

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 plant and equipment is acquired at no cost, or minimal cost, cost is its fair value as at the date of acquisition. Plant and equipment with a minimum value of \$2,000 is capitalised.

k) Measurement of Plant and Equipment after Initial Recognition

Plant and equipment is measured at fair value. Fair value is price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Plant and Equipment is revalued every three years. However, if at any time it is considered that the carrying amount of an asset materially differs from its fair value, then the asset will be revalued regardless of when the last valuation took place. Any accumulated depreciation relating to Plant and Equipment at the date of revaluation is written back against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset.

Any accumulated depreciation relating to plant and equipment is restated proportionally with the change in the gross carrying amount so that the net carrying amount of those assets after revaluation equals its revalued amount.

The cost of plant and equipment comprises the purchase price, any directly attributable costs, and the initial estimate of the costs of dismantling and removing the plant and equipment and restoring the site on which it is located.

l) Depreciation of Non-Current Assets

Non-current assets with 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 over its newly assessed remaining useful life. Depreciation is applied to Plant and Equipment.

Depreciation is calculated on a straight-line basis and the useful lives of all major assets held by the Public Trustee are reviewed annually. Depreciation of Plant and Equipment is determined as follows:

Class of Asset	Depreciation Method	Useful Life (Years)
Motor Vehicle	Straight line	8
Furniture and Fittings	Straight line	5-25
Computer Equipment	Straight line	5
Office Fit-out	Straight line	5-33
Security System	Straight line	5

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the end of the reporting period.

n) Provision for Make Good

The Public Trustee has recorded a liability and a corresponding asset for the estimated cost of returning the premises occupied by the Public Trustee, to a similar condition to that which existed prior to the occupancy if the Public Trustee was to leave.

The provision for make good has been estimated by an independent valuer. (Mr Ty Noble FAPI CPV (P&M), Executive Director, Australian Valuation Solutions Pty Limited.

o) Provision for Compensation of Trust Clients

The Public Trustee has recorded a liability and corresponding expense for compensating Trust Clients for irregularities under investigation. The provision has been estimated using information on irregularities identified during the investigation referred to in Note 4 *Irregularities in Trust Funds Administered by the Public Trustee*.

p) Leases

The Public Trustee has entered into finance leases and operating leases.

Finance Leases

Finance leases effectively transfer to the Public Trustee substantially all the risks and rewards incidental to ownership of the assets under a finance lease. The title may or may not eventually be transferred. Finance leases are initially recognised as an asset and a liability at the lower of the fair value of the asset and the present value of the minimum lease payments each being determined at the inception of the lease. The discount rate used to calculate the present value of the minimum lease payments is the interest rate implicit in the lease. Assets under a finance lease are depreciated over the shorter of the asset's useful life and lease term. Leased assets are depreciated on a straight-line basis.

The depreciation is calculated after first deducting any residual values which remain for each leased asset. Each lease payment is allocated between interest expense and reduction of the lease liability. Lease liabilities are classified as current and non-current.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p) Leases (Continued)

Operating Leases

Operating leases do not effectively transfer to the Public Trustee substantially all the risks and rewards incidental to ownership of the asset under an operating lease. Operating lease payments are recorded as an expense in the Operating Statement on a straight-line basis over the term of the lease.

q) Employee Benefits

Employee benefits include:

- short-term employee benefits, if expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related services, such as wages and salaries, annual leave loading, and applicable on-costs;
- other long-term benefits, such as long service leave and annual leave; and
- termination benefits.

On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual leave and long service leave.

Wages and Salaries

Accrued wages and salaries are measured at the amount that remains unpaid to employees at the end of the reporting period.

Annual and Long Service Leave

Annual and long service leave, including applicable on-costs that are not expected to be wholly settled before twelve months after the end of the reporting period when the employees render the related service, are measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting period. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting period end, the present value of future payments is calculated using market yields on Commonwealth Government Bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2013-14, the rate used to estimate the present value of future payments for long service leave is 103.5% (101.3% in 2012-13). In 2013-14, the rate used to estimate the present value of future payments for annual leave is 100.9% (100% in 2012-13).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and the applicable on-costs. The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in-service has been taken into account in estimating the liability for on-costs.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Employee Benefits (Continued)

Annual and Long Service Leave (Continued)

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. Conditional long service leave liabilities are classified as non-current because the Public Trustee has an unconditional right to defer the settlement of the liability until the employee has completed the requisite years of service.

r) Superannuation

Superannuation payments are made to the Territory Banking Account each year, to cover the Public Trustee's superannuation liability for the Commonwealth Superannuation Scheme (CSS) and the Public Sector Superannuation Scheme (PSS). This payment covers the CSS/PSS employer contribution, but does not include the productivity component. The productivity component is paid directly to ComSuper. The CSS and PSS are defined benefit superannuation plans meaning that the defined benefits received by employees are based on the employee's years of service and average final salary.

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of the superannuation accumulation schemes. This includes schemes of employee choice.

Superannuation employer contribution payments, for the CSS and PSS, are calculated by taking the salary level at an employee's anniversary date and multiplying it by the actuarially assessed nominal CSS or PSS employer contribution rate for each employee. The productivity component payments are calculated by taking the salary level, at an employee's anniversary date, and multiplying it by the employer contribution rate (approximately 3%) for each employee. Superannuation payments for fund of choice arrangements are calculated by taking an employee's salary each pay and multiplying it by the appropriate employer contribution rate.

The Superannuation Provision Account recognises the total Territory superannuation liability for the CSS and PSS, and ComSuper and the external schemes recognise the superannuation liability for the fund of choice scheme respectively.

The ACT Government is liable for the reimbursement of the emerging costs of benefits paid each year to members of the CSS and PSS in respect of the ACT Government Service provided after 1 July 1989. These reimbursement payments are made from the Superannuation Provision Account.

s) Insurance

Major risks are insured through the ACT Insurance Authority. The excess payable, under this arrangement, varies depending on each class of insurance held.

t) Trust Funds

Separate financial statements are prepared for the trusts, estates and Capital Region Community Foundation accounts which are administered by the Public Trustee.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Significant Accounting Judgements and Estimates

In the process of applying the accounting policies listed in this note, the Public Trustee has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements. These estimates involve the making of judgements about the future. Accounting estimates will, by definition, seldom equal the actual results. These estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are explained below.

Investigation of Irregularities in Trust Funds Administered by the Public Trustee

In January 2014 the Public Trustee detected irregularities in Trust Funds administered by the Public Trustee. The irregularities relate to client financial accounts maintained under order of the ACT Civil and Administrative Tribunal and Enduring Power of Attorney.

At 30 June 2014 irregular transactions amounting to \$355,754 have been identified and reimbursed to Trust Funds. The Public Trustee has recorded a provision of \$1,294,919 for the estimated cost of reimbursing Trust Funds for irregularities. The provision is based on the estimated cost of all transactions that are under investigation, including loss of interest earnings.

Refer to Note 4 *Irregularities in Trust Funds Administered by the Public Trustee* and Note 23 *Other Provisions*.

Insurance Recoveries

Insurance recoveries of \$2,227,552 disclosed in Note 7 *Insurance Recoveries* include an estimate of the recovery of the estimated cost of compensating Trust Clients in relation to the irregularities identified in Trust Funds.

Employee Benefits

The estimated liability for employee benefits requires a consideration of the future wage and salary levels, experience of employee departures and periods of service. The estimate also includes an assessment of the probability that employees will meet the minimum service period required to qualify for long service leave and that on-costs will become payable. Further information on this estimate is provided in Note 2 c) *Employee Benefits* and Note 3 *Change in Accounting Estimates*.

Plant and Equipment – Fair Value

Note 2 k) *Measurement of Plant and Equipment after Initial Recognition* discloses that plant and equipment is measured at fair value.

The fair value of the Office fit-out, furniture and fittings, computer equipment, the security system and the motor vehicle have been estimated by independent valuers. The valuations were performed on the basis that the assets would be replaced with assets similar, if not the same, in nature. See Note 18 *Plant and Equipment* for further information.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Significant Accounting Judgements and Estimates (Continued)

Provision for Make Good

Note 2 n) *Provision for Make Good* discloses that the cost of returning the premises occupied by the Public Trustee to a similar condition to that which existed prior to the occupancy if the Public Trustee was to leave the premises. This cost has been estimated by an independent valuer. The dollar value has been compared to recent make good payments by other government departments and depends on a variety of factors like location, area, density and quality of the fit-out.

Estimation of the Useful Lives of Plant and Equipment

The estimation of useful lives of Plant and Equipment has been based on the valuation provided by Australian Valuation Services. The useful lives are assessed on an annual basis based on similar assets and any adjustments are made when considered necessary.

v) Impact of Accounting Standards issued but yet to be Applied

The following new and revised accounting standards and interpretations have been issued by the Australian Accounting Standards Board but do not apply to the current reporting period. These standards and interpretations are applicable to future reporting periods. The Public Trustee does not intend to adopt these standards and interpretations early. It is estimated that the effect of adopting the below pronouncements, when applicable, will have no material financial impact on the Public Trustee in future reporting periods:

- AASB 9 Financial Instruments (application date 1 January 2017);
- AASB 10 Consolidated Financial Statements (application date 1 January 2014 for not-for-profit entities);
- AASB 1031 Materiality (application date 1 January 2014);
- AASB 1055 Budgetary Reporting (application date 1 July 2014);
- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127] (application date 1 January 2017);
- AASB 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities [AASB132] (application date 1 January 2014);
- AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (application date 1 January 2014);
- AASB 2013-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities – Control and Structured Entities [AASB 10, AASB 12 & AASB 1048] (application date 1 January 2014); and
- AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments Part B Materiality (application date 1 January 2014) Part C Financial Instruments (application date 1 January 2015).

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. CHANGE IN ACCOUNTING ESTIMATES

Estimate of Employee Benefits

The Public Trustee estimates the present value of long service leave liabilities which do not fall due in the next 12 months. Last financial year the rate used to estimate the present value of these liabilities was 101.5%, however, due to a change in the Commonwealth Government bond rate the rate was changed to 103.5%.

As such the estimate of the long service leave liability has changed. This change has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period of \$21,159.

4. IRREGULARITIES IN TRUSTS FUNDS ADMINISTERED BY THE PUBLIC TRUSTEE

In January 2014, the Public Trustee detected irregularities in Trust Funds administered by the Public Trustee (Public Trustee Trust Account). The irregularities relate to client financial accounts maintained under order of the ACT Civil and Administrative Tribunal and under Enduring Power of Attorney. The irregularities are being investigated by ACT Policing and KPMG Forensic.

The Public Trustee has a fidelity insurance policy with the ACT Insurance Authority (ACTIA). Under this insurance policy, the Public Trustee may claim and be reimbursed for expenses incurred in relation to the investigation of the irregularities and reimbursements to trust funds (including interest), with the exception of Public Trustee Staffing costs.

The Public Trustee has recorded the following amounts relating to the irregularities:

INCOME

	Note No.	2014 \$
Insurance Recoveries	7	<u>2 227 652</u>

EXPENSES

Supplies and Services		
Cost of Investigating Irregularities	12	577 329
Compensation of Trust Clients	12	<u>1 650 672</u>
		<u>2 228 001</u>
Net Expenses		<u>(349)</u>

The net expense represents amounts that are not claimable under the insurance policy. (Stationery \$349). Significant judgements were made in estimating the cost of compensating Trust Clients and corresponding insurance recoveries for these costs.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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4. IRREGULARITIES IN TRUSTS FUNDS ADMINISTERED BY THE PUBLIC TRUSTEE (CONTINUED)

As disclosed in Note 2 u) *Significant Accounting Judgements and Estimates* significant judgements have been made in estimating the Compensation of Trust Clients expense of \$1,850,872 shown above.

The above costs include an estimated cost of \$1,294,919 for irregularities to be compensated to Trust Clients. This estimate is disclosed in Note 23 *Other Provisions* and is also disclosed in Note 2 u) *Significant Accounting Judgements and Estimates*. Insurance Recoveries of \$2,227,852 shown above include the recovery of the estimated cost of compensating Trust Clients and this estimate is also shown in Note 7 *Insurance Recoveries*.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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5. GOVERNMENT PAYMENTS FOR OUTPUTS

	2014	2013
	\$	\$
Government Payments for Outputs	233 000	229 000
Community Service Obligations	473 000	468 000
Total Government Payments for Outputs	706 000	697 000

Government Payment for Outputs (GPO) is provided for two separate purposes:

Revenue received from the ACT Government to fund the costs of delivering outputs. The ACT Government pays GPO appropriation on a fortnightly basis.

Community Service Obligations (CSO) is revenue received from the ACT Government to fund trustee services to the public at subsidised rates.

6. USER CHARGES

User charge revenue is derived by providing trustee related services to the public and to other ACT Government agencies. User-charge revenue is not part of ACT Government appropriation and is paid by the user of the services. This revenue is driven by consumer demand and is commercial in nature.

User Charges – ACT Government

Commission (a)	308 825	369 750
Fees for providing the Administrative Services for the Official Visitors Scheme (c)	416 871	0
	725 696	369 750

User Charges – Non ACT Government

Commission (a)	1 471 162	1 519 814
Management Fees (b)	1 595 300	1 451 475
Other Fees	768 618	783 094
	3 835 070	3 754 383
Total User Charges	4 560 766	4 124 133

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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6. USER CHARGES (CONTINUED)

(a) Commission revenue, relates to Income Commission which is charged on the value of the income earned has decreased due to lower interest rates being received on investments and term deposits. Corpus Commission (i.e. Commission that is charged when administering estates) is percentage based and relates to the value of assets finalised. As the value of estates being finalised are lower than in 2012-13, the fee received has also reduced.

(b) Management fee revenue which is calculated at 1.1% of client cash and asset balances at a given date. Management fees have increased due to an overall increase in the value of the Common Fund Investments due to an improvement in the share and property investment market.

(c) The Public Trustee assumed responsibility for the Official Visitors Board on 1 September 2013. Consequently, the funding previously provided to Operational Directorates (i.e. Health, Community Services and Justice and Community Safety Directorates) for the 2013-14 year was transferred to the Public Trustee, in addition to an agreed amount to cover the Public Trustee's internal costs for administering the scheme.

7. INSURANCE RECOVERIES

	2014	2013
	\$	\$
Insurance Recoveries	2 227 652	0
Total Insurance Recoveries	2 227 652	0

Insurance recoveries are amounts received or receivable under the Public Trustee's fidelity insurance policy with the ACT Insurance Authority relating to the irregularities. Significant judgements and estimates were used in calculating the amount of insurance recoveries. Refer to Note 2 u) *Significant Accounting Judgement and Estimates* and Note 4 *Irregularities in Trust Funds Administered by the Public Trustee*.

8. INTEREST

Interest Income	192 399	221 853
Total Interest	192 399	221 853

Interest income fluctuates with changes in market interest rates and term deposit balances held during the year. The overall return on investments decreased during the year mainly due to lower interest rates.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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9. OTHER GAINS

	2014	2013
	\$	\$
Gain on Sale of Motor Vehicle	6 533	0
	<u>6 533</u>	<u>0</u>

In September 2013 the Public Trustee finalised a lease for a Subaru Forester and paid out the balance on the lease. In October 2013 this vehicle was sold resulting in a gain on the sale of the vehicle.

10. EMPLOYEE EXPENSES

Wages and Salaries (a)	3 287 621	2 903 455
Wages and Superannuation Costs of Official Visitors (b)	20 283	0
Annual Leave Expense (c)	7 188	35 097
Long Service Leave Expense (c)	21 160	124 883
Termination Payments (d)	97 341	4 947
Fringe Benefits Tax	2 689	1 629
Workers' Compensation Insurance Premiums	60 963	60 984
Other Employee Expenses and On-Costs	3 660	2 329
Total Employee Expenses	<u>3 501 685</u>	<u>3 134 684</u>

a) There were 43 staff employed at 30 June 2014 (41 at 30 June 2013). Salaries increased by \$384,366 (13.24 percent). The increase in employee expenses has occurred due to:

- the engagement of extra staff to assist in administrative duties relating to the investigation of irregularities in Trust Funds of clients administered by the Public Trustee disclosed in Note 4 *Irregularities in Trust Funds Administered by the Public Trustee*. These funds were maintained in trust accounts under order of the ACT Civil and Administrative Tribunal and Enduring Power of Attorney and to assist with the increase in workload due to an increase in general business; and
- pay increases under the Justice and Community Safety Enterprise Agreement 2013-17.

b) Wages and Superannuation costs of Official Visitors have increased to include salaries and benefits of staff who provide administrative services under the Official Visitor Scheme.

c) Annual and Long Service Leave Expenses decreased mainly due to the retirement of a long term staff member.

d) Termination Payments increased due to the retirement of a long term staff member.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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11. SUPERANNUATION EXPENSES

The Public Trustee makes fortnightly payments to the Territory Banking Account for CSS and PSS superannuation liability. The productivity benefit for these schemes is paid directly to ComSuper.

Superannuation payments are also made to external providers as part of the employee fund of choice arrangements.

	2014	2013
	\$	\$
Superannuation Contributions to the Territory Banking Account	288 755	282 295
Productivity Benefit	39 288	41 626
Superannuation to External Providers	155 890	130 881
Total Superannuation Expenses	483 933	454 802

The increase in superannuation expenses is mainly a result of an increase in staff numbers during the reporting period as explained in Note 10 *Employee Expenses*.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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12. SUPPLIES AND SERVICES

	2014	2013
	\$	\$
Marketing	23 602	29 732
Computer Expenses (a)	268 341	281 333
Motor Vehicle Expenses (b)	9 784	14 851
Rental Lease Payments/Cleaning	278 647	284 339
Repairs/Maintenance	96 187	91 035
Printing/Stationery (c)	24 082	30 360
Telephones	22 622	21 615
Staff Training (d)	28 331	22 955
Postage	16 250	16 146
Audit Fee	67 745	41 301
Subscriptions/Memberships	12 568	11 978
Office Equipment	8 074	7 324
Travel Expenses (e)	7 945	10 516
Insurance Risk Management Levy	28 278	28 277
Other Expenses	34 944	37 344
Consultants Costs (f)	32 724	61 215
Payroll Services	4 432	5 220
Electricity	13 208	9 186
Translation Costs	6 674	0
Official Visitors Expenses (g)	136 265	0
Costs of Investigating Irregularities (h)	577 329	0
Compensation of Trust Clients (i)	1 650 672	0
Make Good Expense (j)	0	9 056
Licence Fees	30 287	26 043
Total Supplies and Services	3 376 992	999 816

(a) Computer expenses increased in 2013-14 due to the making of changes to the Unclaimed Money database and costs associated with the implementation of new taxation return software.

(b) Motor Vehicle expenses decreased in 2013-14 as a result of costs associated with the finance lease of a new vehicle in October 2013.

(c) Printing charges decreased in 2013-14 because of the changes to Public Trustee brochures. Public Trustee brochures are now one page fact sheets, previously they were glossy folded documents.

(d) Staff Training costs increased in 2013-14 as a result of more training being provided to staff, including fraud awareness training.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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12. SUPPLIES AND SERVICES (CONTINUED)

(e) A number of staff attended the Australian Guardianship Conference in Melbourne in October 2012. This conference was not held in 2013-14.

(f) PWC Australia was engaged in 2012-13 to provide advice and to assist in the establishment of Special Purpose Financial Statements for the Public Trustee Trust account.

(g) The Public Trustee assumed responsibility for the administration of the Official Visitors Scheme on 1 September 2013. These costs relate to Official Visitors' remuneration, training, stationery and incidentals.

(h) The costs relate to the investigation of irregularities as described in Note 4 *Irregularities in Trust Funds Administered by the Public Trustee* are Contractor fees and associated administrative costs.

(i) The costs relate to the reimbursement of trust funds as described in Note 4 *Irregularities in Trust Funds Administered by the Public Trustee*.

(k) Due to the reduction in the estimated cost of the Provision for Make Good there was no expense incurred in 2013-14.

Business Development Costs comparative amounts have been reclassified into more directly related expenses. These reclassifications include Marketing, Computer Expenses and Licence Fees.

13. DEPRECIATION

	2014 \$	2013 \$
Plant and Equipment	148 793	144 659
Total Depreciation	148 793	144 659

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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14. WAIVERS AND WRITE-OFFS

Under section 131 of the *Financial Management Act 1996* the Treasurer may, in writing, waive the right to payment of an amount owed to the Territory.

		2014		2013
		\$		\$
Ordinary Activities	No.		No.	
Write-offs				
Irrecoverable Debts	4	1 640	2	370
Total Write-offs		1 640		370

The write-offs were made by the Public Trustee under delegated authority and occurred as a result of the imposition by the Australian Taxation Office of late lodgement fees and other tax-related charges that are unable to be recovered from tax clients.

15. AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to the Public Trustee by the ACT Auditor-General's Office.

Audit Fees Paid or Payable to the ACT Auditor-General's Office	67 746	47 746
Audit fees paid for by the Public Trustee were:		
Financial Statements of the Public Trustee for the ACT (Office Account)	30 355	20 355
Financial Statements of the Public Trustee for the ACT (Trust Account)	37 391	27 391
	67 746	47 746

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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16. CASH AND CASH EQUIVALENTS

The Public Trustee holds a bank account with Westpac Banking Corporation as part of the whole-of-government banking arrangements. The weighted average interest rate returned on the bank account was

	2014	2013
	\$	\$
Cash at Bank	231 423	539 413
Cash on Hand	550	600
Short Term Investments	4 600 000	4 650 000
Total Cash and Cash Equivalents	4 831 973	5 190 013

17. RECEIVABLES

Current Receivables

Trade Receivables (a)	501 588	260 622
Less: Allowance for Impairment Losses	0	0
	501 588	260 622
Receivables - Insurance Recoveries (b)	1 965 572	0
Other Receivables	1 775	1 775
	2 468 945	262 397
Accrued Revenue (c)	58 734	38 711
Total Receivables	2 528 679	301 108

(a) The increase in Trade Receivables is the amount of fees receivable from the Public Trustee Trust Account for unclaimed Moneys. In the previous year these fees were received before the end of the financial year.

(b) As disclosed in Note 4 *Irregularities in Trust Funds Administered by the Public Trustee*, the Public Trustee has incurred costs resulting from irregularities in Trust Funds of clients. These costs are recoverable through the Public Trustee's fidelity insurance policy with the ACT Insurance Authority (ACTIA). Significant judgement and estimates were used in calculating the amount of receivables - Insurance Recoveries. Refer to Note 2 *Significant Accounting Judgement and Estimates* and Note 4 *Irregularities in Trust Funds Administered by the Public Trustee*.

(c) Due to varying maturity dates on investments, accrued revenue has increased. The number of investments maturing in 2014-15 are greater than those that were maturing at the end of 2013-14.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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17. RECEIVABLES (CONTINUED)

Ageing of Receivables	Not Overdue	Overdue			TOTAL
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$	\$	\$	\$	\$
2014					
Not Impaired Receivables	2 526 904	0	0	1 775	2 528 679
Impaired Receivables	0	0	0	0	0
2013					
Not Impaired Receivables	301 108	0	0	0	301 108
Impaired Receivables	0	0	0	0	0

The amount overdue for greater than 60 days relates to a debt by a Financial Management client. This debt will be paid in the 2014-15 financial year.

2014	2013
\$	\$

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities

Trade Receivables	29 852	33 237
Receivables - Insurance Recoveries	1 965 572	0
Total Receivables with ACT Government Entities	1 995 424	33 237

Receivables with Non-ACT Government Entities

Trade Receivables	471 746	227 385
Other Receivables	1 775	1 775
Accrued Revenue	59 734	38 711
Total Receivables with Non-ACT Government Entities	533 255	267 871
Total Receivables	2 528 679	301 108

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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18. PLANT AND EQUIPMENT

Plant and equipment includes motor vehicle, office and computer equipment, furniture and fittings, office fit-out and a security system.

	2014	2013
	\$	\$
Motor Vehicle (at Fair Value)	44 728	13 125
Less: Accumulated Depreciation	<u>(4 423)</u>	<u>(4 125)</u>
	<u>40 305</u>	<u>9 000</u>
The motor vehicle was independently valued at market value by Pickles Auctions Pty Limited in June 2013.		
Furniture and Fittings (at Fair Value)	18 400	69 504
Less: Accumulated Depreciation	<u>0</u>	<u>(17 607)</u>
	<u>18 400</u>	<u>51 897</u>
Computer Equipment (at Fair Value)	150	1 434
Less: Accumulated Depreciation	<u>0</u>	<u>(574)</u>
	<u>150</u>	<u>860</u>
Office Fit-out (at Fair Value)	409 305	603 276
Less: Accumulated Depreciation	<u>0</u>	<u>(231 831)</u>
	<u>409 305</u>	<u>371 445</u>
Security System (at Fair Value)	3 600	9 740
Less: Accumulated Depreciation	<u>0</u>	<u>(3 308)</u>
	<u>3 600</u>	<u>6 433</u>
Total Plant and Equipment	<u>471 760</u>	<u>439 435</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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18. PLANT AND EQUIPMENT (CONTINUED)

The office fit-out, furniture and fittings, office equipment, the security system are measured at fair value. The independent valuation of these assets was performed at 30 June 2014 by Mr Ty Noble FAPI,CPV (P & M) Executive Director Australian Valuation Solutions Pty. Limited. The motor vehicle was independently valued at market value by Pickles Auctions Pty limited at 30 June 2013.

As disclosed in Note 2 n) *Provision for Make Good*, the Public Trustee has included in the office fit-out valuation, the estimated cost of returning the premises occupied by the Public Trustee to a similar condition to that which existed prior to the occupancy in the event the Public Trustee were to leave the premises.

The fair valuation of the office fit-out, furniture and fittings, office equipment and security system is based on its assessed estimated depreciated replacement cost knowing that the current operating lease for Ground Floor 221 London Circuit has an expiry date of 16 July 2016 (with an option to extend for a further five years).

Reconciliations of the Carrying Amounts of Plant and Equipment at the Beginning and the End of the Current and Previous Reporting Periods.

	2014 \$	2013 \$
Motor Vehicle		
Carrying Amount at the Beginning of the Reporting Period	9 001	8 250
Additions	35 728	0
Revaluation Increment	0	2 126
Depreciation	<u>(4 424)</u>	<u>(1 375)</u>
Carrying Amount at the End of the Reporting Period	<u>40 305</u>	<u>9 001</u>
Furniture and Fittings		
Carrying Amount at the Beginning of the Reporting Period	51 697	58 610
Additions	2 625	0
Revaluation Decrement	(28 814)	0
Depreciation	<u>(7 308)</u>	<u>(7 113)</u>
Carrying Amount at the End of the Reporting Period	<u>18 400</u>	<u>51 697</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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18. PLANT AND EQUIPMENT (CONTINUED)

	2014 \$	2013 \$
Computer Equipment		
Carrying Amount at the Beginning of the Reporting Period	860	1 147
Revaluation Decrement	(423)	0
Depreciation	<u>(287)</u>	<u>(287)</u>
Carrying Amount at the End of the Reporting Period	<u>150</u>	<u>860</u>
Office Fit-out		
Carrying Amount at the Beginning of the Reporting Period	371 445	501 415
Additions	2 925	4 100
Revaluation Increment	189 763	0
Depreciation	<u>(134 828)</u>	<u>(134 070)</u>
Carrying Amount at the End of the Reporting Period	<u>409 305</u>	<u>371 445</u>
Security System		
Carrying Amount at the Beginning of the Reporting Period	6 433	5 978
Additions	0	2 289
Revaluation Decrement	(885)	0
Depreciation	<u>(1 948)</u>	<u>(1 814)</u>
Carrying Amount at the End of the Reporting Period	<u>3 600</u>	<u>6 433</u>
Total Carrying amount at the end of the Reporting Period	<u>471 750</u>	<u>439 436</u>

Fair Value Hierarchy

The Public Trustee is required to classify plant and equipment into a Fair Value Hierarchy that reflects the significance of the inputs used in determining their fair value. The Fair Value Hierarchy is made up of the following three levels:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the agency can access at the measurement date;
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - inputs that are unobservable for particular assets or liabilities.

Details of the Public Trustee's plant and equipment at fair value and information about the Fair Value Hierarchy as at 30 June 2014 are as follows:

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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18. PLANT AND EQUIPMENT (CONTINUED)

2014

Plant and Equipment at Fair Value	Classification According to Fair Value Hierarchy			Total
	Level 1	Level 2	Level 3	
	\$	\$	\$	\$
Motor Vehicle	0	40 305	0	40 305
Furniture and Fittings	0	18 400	0	18 400
Computer Equipment	0	150	0	150
Office Fit-out	0	17 950	301 355	409 305
Security System	0	0	3 600	3 600
	0	76 805	394 955	471 760

The Public Trustee has used the exemption under AASB 13 *Fair Value Measurement* that comparative information for periods before initial application of the standard need not be applied.

Transfers Between Categories

There have been no transfers between Level 1, 2 and 3 during the reporting period.

Fair Value Hierarchy Valuation

Level 2 Valuation Techniques and Inputs

Valuation Technique: The valuation technique used to value the Motor Vehicle, Furniture and Fittings and Computer Equipment and some Office Fit-Out is the market approach that reflects recent transaction prices for similar plant and equipment.

Inputs: Prices and other relevant information generated by market transactions involving comparable assets were considered.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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18. PLANT AND EQUIPMENT (CONTINUED)

Level 3 Valuation Techniques and Inputs

Valuation Technique: The majority of the Office Fit-out and Security System were considered to be specialised assets with no observable market sales data. These were measured using the depreciated replacement cost approach that reflects the cost to a market participant to construct assets of comparable utility adjusted for obsolescence.

Inputs: In determining the value of Office Fit-out and Security System, consideration was given to the age and condition of the assets, their estimated replacement cost and current use.

There has been no change to the above valuation techniques during the reporting period.

Transfers in and out of a fair value level are recognised on the date of the event or change in circumstances that caused the transfer.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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18. PLANT AND EQUIPMENT (CONTINUED)

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

2014	Office Fit-out	Security System
Fair Value at 1 July 2013	353 456	6 433
Additions	2 925	
Revaluation increments/(decrements) recognised in Other Comprehensive Income	169 763	(885)
Depreciation	(134 828)	(1 948)
Fair Value at 30 June 2014	391 355	3 600
Total gains or losses for the reporting period included in profit or loss, under 'Other Gains'	0	0
Change in unrealised gains or losses for the reporting period included in profit or loss for assets held at the end of the reporting period	0	0

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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18. PLANT AND EQUIPMENT (CONTINUED)

Information about Significant Unobservable Inputs (Level 3) in Fair Value Measurements

Description and Fair Value as at 30 June 2014	Valuation Techniques)	Significant Unobservable Inputs	Range of Unobservable Inputs	Relationship of Unobservable Inputs to Fair Value
Office Fit-out \$391,355	Depreciated Replacement Cost (DRC)	Total remaining useful life	3 - 30 years	A shorter useful life lowers the value of the asset. A higher remaining life increases fair value
Security System \$3,600	Depreciated Replacement Cost (DRC)	Total remaining useful life	3 years	A shorter useful life lowers the value of the asset. A higher remaining life increases fair value

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**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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19. OTHER ASSETS

	2014	2013
	\$	\$
Current Other Assets		
Prepayments	33 576	32 607
Total Other Assets	<u>33 576</u>	<u>32 607</u>

20. PAYABLES**Current Payables**

Trade Payables	290 714	102 193
Total Current Payables	<u>290 714</u>	<u>102 193</u>

Payables are aged as follows:

Not Overdue	279 221	92 739
Overdue for less than 30 Days	0	0
Overdue for more than 30 Days and less than 60 Days	1 650	0
Overdue for more than 60 Days	9 843	9 454

Total Current Payables	<u>290 714</u>	<u>102 193</u>
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The amounts overdue for more than 60 days relate to accounts that are in dispute with a supplier.

Classification of ACT Government/Non-ACT Government Payables**Payables with ACT Government Entities**

Trade Payables	30 393	13 884
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Total Payables with ACT Government Entities	<u>30 393</u>	<u>13 884</u>
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Payables with Non-ACT Government Entities

Trade Payables	260 321	88 309
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Total Payables with Non-ACT Government Entities	<u>260 321</u>	<u>88 309</u>
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Total Current Payables	<u>290 714</u>	<u>102 193</u>
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The increase in payables is attributable to an invoice received in July 2014 from KPMG Forensic as Investigation Contractor for services provided in June 2014.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

21. INTEREST-BEARING LIABILITIES AND FINANCE LEASES

	2014	2013
	\$	\$

Finance Leases

The leasing arrangements give the Public Trustee the option to purchase the leased asset when the lease expired. The weighted average interest rate in the lease is 5.53%.

Finance lease commitments are payable as follows:

Within one year	7 043	0
Later than one year but not later than five years	30 280	0
Later than five years	0	0

Minimum Lease Payments	37 323	0
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Less: Future Finance Lease Charges	(3 570)	0
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Amount Recognised as a Liability	33 753	0
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Add: Lease incentive involved with non-cancellable operating lease	0	0
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Total Present Value of Minimum Lease Payments	33 753	0
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The present value of the minimum lease payments are as follows:

Within one year	5 311	0
Later than one year but not later than five years	28 442	0
Later than five years	0	0

Total Present Value of Minimum Lease Payments	33 753	0
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The future minimum lease payments for non-cancellable financing sub-leases expected to be received	0	0
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Classification on the Balance Sheet

Interest-Bearing Liabilities

Finance Leases

Current Finance Leases	5 311	0
Non-Current Finance Leases	28 442	0

Total Interest-Bearing Liabilities	33 753	0
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**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

22. EMPLOYEE BENEFITS

	2014 \$	2013 \$
Current Employee Benefits		
Accrued Salaries	174 032	93 787
Annual Leave	373 876	335 030
Other Employee Benefits (a)	108 403	31 658
Long Service Leave	849 242	791 411
Total Current Employee Benefits	1 505 553	1 251 886
Non- Current Employee Benefits		
Long Service Leave	83 893	120 565
Total Employee Benefits	1 589 446	1 372 452

(a) Other employee benefits is represented by annual leave loading and accrued backpay.

Estimated Amount Payable within 12 months		
Accrued Salaries	174 032	93 787
Annual Leave	373 876	335 030
Other Employee Benefits	108 403	31 658
Long Service Leave	41 060	30 830
Total Employee Benefits Payable within 12 months	697 371	491 305
Estimated Amount Payable after 12 Months		
Long Service Leave	892 075	881 146
	892 075	881 146
Total Employee Benefits	1 589 446	1 372 452

At the end of the 2014 financial year, the Public Trustee had 40 full time equivalent staff employed (2013 – 38.8). The increase in employee provisions is mainly attributable to an increase in staff numbers and long service leave balances.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

23. OTHER PROVISIONS

	2014 \$	2013 \$
Current Other Provisions		
Provision for Dividends	91 274	153 533
Total Other Provisions Current	91 274	153 533
Reconciliation of the Provision for Dividends		
Balance at the Beginning of the Reporting Period	153 553	377 017
Increase in Provision during the Reporting Period	91 274	153 553
Amount Paid during the Reporting Period	(153 553)	(377 017)
Balance at the end of the Reporting Period	91 274	153 553
The decrease in the Provision for Dividend relates directly to the lower Operating Surplus for the year ending 30 June 2014.		
The Public Trustee has proposed a final dividend of \$91,274 and this amount was approved before the end of the reporting period. The amount will be paid to the ACT Government in the 2014-15 financial year.		
Provision for Compensation of Trust Clients	1 294 919	0
Total Provision for Compensation of Trust Clients	1 294 919	0
Reconciliation of the Provision for Compensation of Trust Clients		
Balance at the Beginning of the Reporting Period	0	0
Increase in Provision during the Reporting Period	1 294 919	0
Balance at the end of the Reporting Period	1 294 919	0
The Public Trustee has made a provision for the compensation of Trust Clients for irregularities currently under investigation. Refer to Note 4 <i>Irregularities in Trusts Administered by the Public Trustee</i> and Note 2 <i>u) Significant Accounting Judgements and Estimates</i> .		
Total Other Provisions	1 386 193	153 553

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

23. OTHER PROVISIONS (CONTINUED)

	2014	2013
	\$	\$
Non-Current Other Provisions		
Provision for Make Good	99 355	111 263
Total Other Non-Current Provisions	<u>99 355</u>	<u>111 263</u>
Reconciliation of Provision for Make Good		
Balance at the Beginning of the Reporting Period	111 263	102 207
Decrease in Provision due to Revaluation Increment	<u>(11 908)</u>	<u>0</u>
	99 355	102 207
Increase in Provision due to Unwinding of Discount	<u>0</u>	<u>9 056</u>
Balance at the End of the Reporting Period	<u>99 355</u>	<u>111 263</u>

As disclosed in Note 2 n) Office Fit-out – Provision for Make Good, the Public Trustee has included in the fit-out valuation the estimated cost of returning the premises occupied by the Public Trustee to a similar condition to that which existed prior to the occupancy in the event the Public Trustee were to leave the premises.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

24. EQUITY

Asset Revaluation Surplus

The Asset Revaluation Surplus is used to record the increments and decrements in the value of Plant and Equipment.

	2014	2013
	\$	\$
Balance at the Beginning of the Reporting Period	330 240	328 114
Revaluation Increment as a result of the Increase in the Estimated Fair Value of Plant and Equipment	139 641	2 126
Revaluation Increment as a result of the Decrease in the Provision for Make Good	11 908	0
	<u>151 549</u>	<u>2 126</u>
Balance at the End of the Reporting Period	<u>481 789</u>	<u>330 240</u>

A valuation of plant and equipment was performed at 30 June 2014 by Ty Noble FAPI CPV (P&M) Executive Director Australian Valuation Solutions Pty. Limited. The upwards revaluation of these assets increased the Asset Revaluation Surplus.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

25. FINANCIAL INSTRUMENTS

Details of the significant policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset and financial liability are disclosed in Note 2 *Summary of Significant Accounting Policies*.

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates.

The Public Trustee's financial assets consist of cash and cash equivalents and receivables and its financial liabilities are comprised of payables. As some cash and cash equivalent balances are held in floating interest rate arrangements, the Public Trustee is exposed to movements in the amount of interest it may earn.

As the Public Trustee's operating cash flows are not significantly dependant on interest earned from cash and cash equivalents, a sensitivity analysis of the interest rate risk has not been performed.

The Public Trustee's maximum exposure to interest rate risk relating to these financial assets and liabilities is shown below in Note 25 (e) *'Maturity Analysis and Exposure to Interest Rates'*.

As receivables and payables are held in non-interest bearing arrangements, the Public Trustee is not exposed to movements in interest rates in respect of these financial assets and liabilities.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Public Trustee's credit risk is limited to the amount of financial assets it holds net of any allowance for impairment losses. The Public Trustee expects to collect all receivables that are not past due or impaired.

Credit risk is managed by the Public Trustee for cash and cash equivalents investments by only investing surplus funds with various financial institutions, who have a 'BBB' credit rating or above signifying they have adequate capacity to meet their financial commitments. There is no collateral held as security for financial assets. Investments are structured with the highest rating banks to ensure more security over funds invested.

Credit risk of receivables is managed by ensuring clients are invoiced for services, and requesting payment from clients when the service is performed.

(c) Liquidity Risk

Liquidity risk is the risk that the Public Trustee will encounter difficulty in meeting obligations associated with financial liabilities. To limit its exposure to liquidity risk, the Public Trustee ensures that it does not have a large portion of its financial liabilities maturing in any one financial year and that at any particular point in time it has a sufficient amount of current financial assets to meet its current financial liabilities.

The Public Trustee's exposure to liquidity risk and the management of this risk has not changed since the last financial year.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

25. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity Risk (Continued)

The Public Trustee's maximum exposure to liquidity risk relating to these financial liabilities is shown below in Note 25 (e) *Maturity Analysis and Exposure to Interest Rates*.

(d) Fair Value of Financial Assets and Liabilities

The carrying amounts and fair values of financial assets and liabilities at the end of the reporting period are:

	Carrying Amount 2014 \$	Fair Value 2014 \$	Carrying Amount 2013 \$	Fair Value 2013 \$
Financial Assets				
Cash and Cash Equivalents	4 831 973	4 831 973	5 190 013	5 190 013
Receivables	2 468 945	2 468 945	262 397	262 397
Total Financial Assets	7 300 918	7 300 918	5 452 410	5 452 410
Financial Liabilities				
Finance Leases	33 753	33 753	0	0
Payables	290 714	290 714	102 193	102 193
Total Financial Liabilities	324 467	324 467	102 193	102 193

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

25. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Maturity Analysis and Exposure to Interest Rates

The following table sets out the Public Trustee's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2014. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note No.	Weighted Average Interest Rate	Fixed Interest Maturing In				Total
			Floating Interest Rate	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years	
Financial Instruments			\$	\$	\$	\$	\$
Financial Assets							
Cash and Cash Equivalents	16	3.85%	231 423	4 600 000	0	0	4 831 973
Receivables	17		0	0	0	0	2 468 945
Total Financial Assets			231 423	4 600 000	0	0	7 300 918
Financial Liabilities							
Finance Leases Payables	21		0	7 043	30 280	0	37 323
	20		0	0	0	0	290 714
Total Financial Liabilities			0	7 043	30 280	0	328 037
Net Financial Assets			231 423	4 592 957	(30 280)	0	6 972 881

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

25. FINANCIAL INSTRUMENTS (CONTINUED)

(e) Maturity Analysis and Exposure to Interest Rates

The following table sets out the Public Trustee's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2013. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in one year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

	Note No.	Weighted Average Interest Rate	Fixed Interest Maturing In				Total
			Floating Interest Rate	1 Year or Less	Over 1 Year to 5 Years	Over 5 Years	
Financial Instruments			\$	\$	\$	\$	\$
Financial Assets							
Cash and Cash Equivalents	16	4.80%	539 413	4 650 000	0	0	5 189 413
Receivables	17		0	0	0	0	262 397
Total Financial Assets			539 413	4 650 000	0	0	5 189 413
Financial Liabilities							
Payables	20		0	0	0	0	102 193
Total Financial Liabilities			0	0	0	0	102 193
Net Financial Assets			539 413	4 650 000	0	0	5 350 217

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

25. FINANCIAL INSTRUMENTS (CONTINUED)

(f) Fair Value Hierarchy

All financial assets and liabilities are measured, subsequent to initial recognition, at amortised cost and as such no Fair Value Hierarchy is disclosed.

26. Operating Leases

Non-Cancellable Operating Lease Commitments are Payable as follows:

	2014 \$	2013 \$
Not later than one year	287 590	278 942
Later than one year but not later than five years	313 148	605 868
Later than five years but not later than ten years	0	0
Total Operating Lease Commitments	600 738	884 810

The ACT Government has an operating lease with the Molonglo Group for part of the ground floor of 221 London Circuit, Canberra relating to the premises occupied by the Public Trustee. The term of the lease is for a period of 6 years with a 5-year option. This lease commenced in July 2010 and the 6-year lease finishes in July 2016 (with an option to continue for a further 5 years).

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

27. CASH FLOW RECONCILIATION

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:

(a) Reconciliation of Cash and Cash Equivalents at the end of the Reporting Period in the Cash Flow Statement to the Equivalent Items in the Balance Sheet.

	2014	2013
	\$	\$
Total Cash and Cash Equivalents Recorded in the Balance Sheet	4 831 973	5 190 013
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	<u>4 831 973</u>	<u>5 190 013</u>

(b) Reconciliation of Net Cash (Outflows)/Inflows from Operating Activities to the Operating Surplus

Operating Surplus	182 547	307 106
Add Non-Cash Items		
Depreciation	148 793	144 659
(Gain) on disposal of Non-Current Assets	<u>(8 533)</u>	<u>0</u>
Cash Before Changes in Operating Assets and Liabilities	324 807	451 764
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(2 227 571)	(28 999)
(Increase) in Prepayments	(969)	(2 747)
Increase/(Decrease) in Payables	188 521	(190 497)
Increase in Make Good Provision	0	9 056
Increase in Provision for Compensation to Trust Clients	1 294 919	0
Increase in Employee Benefits	<u>216 995</u>	<u>150 516</u>
Net Changes in Operating Assets and Liabilities	<u>(528 105)</u>	<u>(62 671)</u>
Net Cash (Outflows)/Inflows from Operating Activities	<u>(203 298)</u>	<u>389 093</u>
Non Cash Financing and Investing Activities		
Acquisition of Motor Vehicles by means of Finance Lease	35 728	0

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

28. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Public Trustee had no Contingent Liabilities or Contingent Assets to declare as at 30 June 2014.

29. EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after balance date that would affect the Financial Statements in current or future reporting periods.

INDEPENDENT AUDIT REPORT

PUBLIC TRUSTEE FOR THE ACT TRUST ACCOUNT

To the Public Trustee for the ACT

Report on the financial statements

The special purpose financial statements (financial statements) of the Public Trustee for the ACT Trust Account (the Trust Account) for the year ended 30 June 2014 have been audited. These comprise the operating statements for the Common Fund Interest Account and Guarantee and Reserve Account, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

Responsibility for the financial statements

The Public Trustee for the ACT (the Public Trustee) is responsible for the preparation and fair presentation of the financial statements of the Trust Account. The Public Trustee has determined that the basis of preparation described in Note 2 of the financial statements is appropriate.

The Public Trustee is also responsible for maintaining adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and the accounting policies and estimates used in the preparation of the financial statements.

The auditor's responsibility

I am responsible for expressing an independent audit opinion on the financial statements of the Trust Account.

The audit was conducted in accordance with Australian Auditing Standards to obtain reasonable assurance that the financial statements are free of material misstatement.

I formed the audit opinion following the use of audit procedures to obtain evidence about the amounts and disclosures in the financial statements. As these procedures are influenced by the use of professional judgement, selective testing of evidence supporting the amounts and other disclosures in the financial statements, inherent limitations of internal control and the availability of persuasive rather than conclusive evidence, an audit cannot guarantee that all material misstatements have been detected.

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

The audit is not designed to evaluate the prudence of decisions made by the Public Trustee.

Electronic presentation of the audited financial statements

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of these financial statements are concerned with the inherent risks arising from the electronic presentation of information, they are advised to refer to the printed copy of the audited financial statements to confirm the accuracy of this electronically presented information.

Independence

Applicable independence requirements of Australian professional ethical pronouncements were followed in conducting the audit.

Audit opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Trust Account as at 30 June 2014 and the results of its operations and cash flows for the year then ended in accordance with the basis of preparation described in Note 2 of the financial statements.

Emphasis of matter

Note 3: 'Irregularities in Trust Funds Administered by the Public Trustee' of the financial statements discloses that irregularities have been detected in Trust Funds administered by the Public Trustee and these irregularities are under investigation.

The audit opinion is not qualified in respect of this matter.

Basis of accounting

Without modifying the audit opinion, I draw attention to Note 2 of the financial statements which describes the basis of preparation. The Public Trustee has determined that the basis of preparation is appropriate. As a result, the financial statements may not be suitable for another purpose.

This audit opinion should be read in conjunction with the other information disclosed in this report.



Bernie Sheville
Director, Financial Audits
16 September 2014

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

DECLARATION BY TRUSTEE

The Public Trustee declares that the Trust is not a reporting entity and that these special purpose financial statements are prepared in accordance with the accounting policies outlined in Note 2 to the financial statements.

I declare that:

1. the financial statements and notes, as set out on pages 1 to 18, present the Trust's financial position as at 30 June 2014 and its performance for the year ended on that date in accordance with the accounting policies described in Note 2 to the financial statements; and
2. in the Public Trustees' opinion there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

Chief Executive Officer of Public Trustee for the ACT

Andrew John Taylor

Dated this 15 September 2014

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
OPERATING STATEMENT - COMMON FUND INTEREST ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014**

		2014 \$	2013 \$
INCOME			
Dividends		2 691 064	3 066 771
Interest		2 653 796	3 226 998
Management Fee Rebate		58 549	63 017
Reimbursement for Compensation of Trust Clients	3	1 650 673	0
Total Income		7 055 112	6 356 786
EXPENSES			
Interest Distributed to Estates and Trusts		1 937 874	2 577 607
Dividend Distributed to Estates and Trusts		2 002 298	2 250 687
Management Fees		1 447 227	1 422 382
Custodian Fees		27 408	25 088
Compensation of Trust Clients	3	1 650 673	0
Total Expenses		7 065 480	6 275 764
Operating (Deficit) / Surplus		(10 368)	81 022
Total Comprehensive (Deficit) / Income		(10 368)	81 022

The above Operating Statement should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
OPERATING STATEMENT - GUARANTEE AND RESERVE ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2014**

	Note No.	2014 \$	2013 \$
INCOME			
Interest Received		84 888	108 822
Reimbursement for Cost Associated with Controls Review	4	<u>42 543</u>	<u>0</u>
Total Income		<u>127 431</u>	<u>108 822</u>
EXPENSES			
Management Fees		22 164	23 522
Income Commission		4 138	6 710
Consultancy Fee		17 522	4 950
Costs Associated with Controls Review	4	<u>42 543</u>	<u>0</u>
Depreciation		<u>15 260</u>	<u>15 250</u>
Total Expenses		<u>101 617</u>	<u>50 432</u>
Operating Surplus		<u>25 814</u>	<u>58 390</u>
Other Comprehensive Income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Increase in the Asset Revaluation Surplus		<u>0</u>	<u>30 750</u>
Total Other Comprehensive Income		<u>0</u>	<u>30 750</u>
Total Comprehensive Income		<u>25 814</u>	<u>73 890</u>

The above Operating Statement should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
BALANCE SHEET
AS AT 30 JUNE 2014**

	Note No.	2014 \$	2013 \$
CURRENT ASSETS			
Cash and Cash Equivalents	5	80 163 143	72 309 170
Receivables	7	2 558 471	1 815 824
Unrealised Assets	8	94 399 173	89 380 964
Total Current Assets		177 120 787	163 505 958
NON-CURRENT ASSETS			
Property	9	274 750	290 000
Investments	6	70 274 586	61 100 800
Total Non-Current Assets		70 549 336	61 390 800
Total Assets		247 670 123	224 896 758
CURRENT LIABILITIES			
Trust Liabilities	10	2 131 982	1 719 960
Provision for Compensation of Trust Clients	11	1 294 919	0
Total Current Liabilities		3 426 901	1 719 960
NON-CURRENT LIABILITIES			
Estates and Trusts Under Administration	12	241 505 681	220 454 703
Total Non-Current Liabilities		241 505 681	220 454 703
Total Liabilities		244 932 582	222 174 663
Net Assets		2 737 541	2 722 095
EQUITY			
Common Fund Interest Account		66 394	76 762
Guarantee and Reserve Account		2 354 369	2 328 555
Asset Revaluation Surplus	13	316 778	316 778
Total Equity		2 737 541	2 722 095

The above Balance Sheet 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 2014**

	Common Fund Interest Account	Guarantee and Reserve Account	Asset Revaluation Surplus	Total Equity
FOR THE YEAR ENDED 30 JUNE 2014	\$	\$	\$	\$
Balance at the Beginning of the Reporting Period	76 762	2 328 555	316 778	2 722 095
Comprehensive Income				
Operating (Deficit) - Common Fund	(10 368)	0	0	(10 368)
Operating Surplus - Guarantee and Reserve Account	0	25 814	0	25 814
Asset Revaluation	0	0	0	0
Total Comprehensive (Deficit) / Income	(10 368)	25 814	0	15 446
Balance at the End of the Reporting Period	66 394	2 354 369	316 778	2 737 541

	Common Fund Interest Account	Guarantee and Reserve Account	Asset Revaluation Surplus	Total Equity
FOR THE YEAR ENDED 30 JUNE 2013	\$	\$	\$	\$
Balance at the Beginning of the Reporting Period	(4 260)	2 270 165	286 028	2 551 933
Comprehensive Income				
Operating Surplus - Common Fund	81 022	0	0	81 022
Operating Surplus - Guarantee and Reserve Account	0	58 390	0	58 390
Asset Revaluation	0	0	30 750	30 750
Total Comprehensive Income	81 022	58 390	30 750	170 162
Balance at the End of the Reporting Period	76 762	2 328 555	316 778	2 722 095

The above Statement of Changes in Equity 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 2014**

	Note No.	2014 \$	2013 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
Interest Received		2 813 048	3 539 405
Dividends Received		3 178 295	2 346 662
Reimbursement for Cost Associated with Controls Review		33 250	0
Reimbursement for Compensation of Trust Clients		355 754	0
Total Receipts from Operating Activities		6 380 347	5 886 067
PAYMENTS			
Management and Other Fees		1 464 656	1 517 753
Cost Associated with Controls Review		40 078	0
Total Payments from Operating Activities		1 504 734	1 517 753
Net Cash Inflows from Operating Activities	14	4 875 613	4 368 314
CASH FLOWS FROM INVESTING ACTIVITIES			
RECEIPTS			
Proceeds from the Sale/Maturity of Investments		4 000 000	4 200 000
Total Receipts from Investing Activities		4 000 000	4 200 000
PAYMENTS			
Purchase of Investments		7 246 540	948 901
Total Payments from Investing Activities		7 246 540	948 901
Net Cash (Outflows)/Inflows from Investing Activities		(3 246 540)	3 251 099

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2014**

	Note No.	2014 \$	2013 \$
CASH FLOWS FROM FINANCING ACTIVITIES			
RECEIPTS			
Receipts from Trusts and Estates		<u>62 468 302</u>	<u>77 521 636</u>
Total Receipts from Financing Activities		<u>62 468 302</u>	<u>77 521 636</u>
Payments to Trusts and Estates		<u>56 243 401</u>	<u>83 381 381</u>
Total Payments from Financing Activities		<u>56 243 401</u>	<u>83 381 381</u>
Net Cash Inflows / (Outflows) from Financing Activities		<u>6 224 901</u>	<u>(5 859 745)</u>
Net Increase in Cash and Cash Equivalents		7 853 974	1 759 668
Cash and Cash Equivalents at Beginning of the Reporting Period		<u>72 309 170</u>	<u>70 549 502</u>
Cash and Cash Equivalents at the End of the Reporting Period	14	<u>80 163 143</u>	<u>72 309 170</u>

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

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. These financial statements show the value of trust, attorney and management funds under administration at the year-end.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of preparation

The financial statements have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and other significant accounting policies disclosed below, which the Public Trustee has determined the basis of preparation of the financial statements is appropriate. The accounting policies are consistent with the previous period unless stated otherwise.

These financial statements are special purpose financial statements that have been prepared for the sole purpose of preparing and distributing a financial report for the Stakeholders, including Trust Clients, The Public Trustee for the ACT and Service Providers.

The financial statements have been prepared on an accrual basis and are based on historical costs unless otherwise stated in the notes. These financial statements have been presented in Australian dollars, which is the Trust's functional currency.

b) Rounding

All amounts in the financial statements have been rounded to the nearest dollar.

c) Revenue Recognition

Revenue is measured at the 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.

Dividends

Dividend revenue is recognised when the right to receive a dividend has been established.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Revenue Recognition (Continued)

Interest

Interest revenue is recognised using the effective interest method

d) Impairment of Assets

The Public Trustee, at each reporting date, assesses whether there is any indication that an asset may be impaired. Assets are also reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

e) Unrealised Assets

Estates and Trusts under administration represent both realised and unrealised assets. Unrealised assets of Estates and Trusts under administration are initially recorded by the Public Trustee at the value the assets were received, in accordance with Public Trustee guidelines.

After initial recognition, unrealised assets are valued using the cost or revaluation model of valuation. Unit based assets are measured at fair value. Properties and other assets are recorded at historical cost.

f) Investments

Australian Equities, Fixed Interest, International Equities 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 distributions received on the Fixed Interest, International Equities and Listed Property investments are recorded net of management fees and charges. These fees are deducted at the source prior to distribution.

g) Property

Buildings are valued at fair value. The last valuation of buildings was in June 2013. The valuation was performed by Ronil Basole (AAPV CPV NSW) valuer of Herron, Todd, White. The fair value of buildings is measured using current prices in a market for similar properties. Valuations are performed every three years.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

h) Trust Liabilities

The Public Trustee has made a significant judgement regarding Trust Liabilities. Liabilities are only brought to account for those clients that have available funds to pay their debts. Where a client is potentially insolvent, no liabilities are brought to account.

i) Depreciation

Non-current assets with a limited useful life are 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 over the remaining useful life of that asset.

j) Significant Accounting Judgments and Estimates

(i) Investigation of Irregularities in Trust Funds Administered by the Public Trustee

In January 2014 the Public Trustee detected irregularities in Trust Funds administered by the Public Trustee. The irregularities relate to client financial accounts maintained under order of the ACT Civil and Administrative Tribunal and Enduring Power of Attorney.

In 2013-14 irregular transactions amounting to \$355,754 were identified and reimbursed to Trust Funds. The Public Trustee has recorded an asset of \$1,294,919 for the estimated cost of reimbursing Trust Funds for irregularities. The asset is based on the estimated cost of all transactions that are under investigation, including loss of interest earnings.

Refer to Note 3 *Irregularities in Trust Funds Administered by the Public Trustee*, Note 8 *Unrealised Assets* and Note 11 *Estates and Trusts Under Administration*.

(ii) Unrealised Assets:

The Public Trustee has made a significant judgement regarding Unrealised Assets being that properties are shown at historical cost, unit based assets are valued at the end of June each financial year based on current market values and all other assets are valued at cost. This valuation uses significant judgements and estimates to determine the fair value of unit based assets.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

3. IRREGULARITIES IN TRUST FUNDS ADMINISTERED BY THE PUBLIC TRUSTEE

In January 2014, the Public Trustee detected irregularities in Trust Funds administered by the Public Trustee (Public Trustee Trust Account). The irregularities relate to client financial accounts maintained under order of the ACT Civil and Administrative Tribunal and under Enduring Power of Attorney. The irregularities are being investigated by ACT Policing and KPMG Forensic.

The Public Trustee has a fidelity insurance policy with the ACT Insurance Authority (ACTIA). Under this insurance policy, the Public Trustee may claim and be reimbursed for expenses incurred in relation to the investigation of the irregularities and reimbursements to trust funds (including interest).

The Public Trustee Trust Account has recorded the following amounts relating to the irregularities:

INCOME

	2014 \$
Reimbursement for Compensation of Trust Clients	<u>1 650 673</u>

EXPENSES

Compensation of Trust Clients	<u>1 650 673</u>
-------------------------------	------------------

The above amounts comprised of \$355,754 already received from the Public Trustee for the ACT (the Public Trustee) and compensated to Trust Clients and a \$1,294,919 provision for compensation of Trust Clients (Note 11 *Provision for Compensation of Trust Clients*) and a corresponding receivable from the Public Trustee.

Significant judgments were made in estimating the cost of compensating Trust Clients. These judgments used in the estimating of the provision for compensation of Trust Clients is disclosed in Note 2 (i) *Significant Accounting Judgments and Estimates*

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

4. INSURANCE RECOVERIES

On 28 January 2014, the Public Trustee engaged KPMG Forensic to provide the Public Trustee with consultancy services aimed at identifying weaknesses and reviewing existing controls.

The contract was paid out of the Public Trustee's Guarantee and Reserve Account and the amount excluding GST was reimbursed through the Public Trustee's fidelity insurance policy back to the Public Trustee. The Guarantee and Reserve Account was reimbursed accordingly.

The Public Trustee Guarantee and Reserve account has recorded the following amounts relating to the consulting services:

INCOME

	2014 \$	2013 \$
Reimbursement for Cost Associated with Controls Review	42 543	0

EXPENSES

Costs Associated with Controls Review	42 543	0
Net Expenses	0	0

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

5. CASH AND CASH EQUIVALENTS

	2014 \$	2013 \$
Cash at Bank	80 163 143	72 309 170
Total Cash and Cash Equivalents	80 163 143	72 309 170

6. 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.

Australian Equities Common Fund	27 660 690	26 135 574
Australian Fixed Interest Common Fund	24 119 805	18 420 757
Australian Listed Property Common Fund	5 866 552	5 194 596
International Equities Common Fund	12 547 539	11 349 671
Total Investments	70 274 586	61 100 600

7. RECEIVABLES

Interest Receivable (a)	631 848	706 212
Dividend Receivable (b)	622 411	1 109 612
Reduced Input Tax Credits (c)	3 868	0
Receivable from Public Trustee for the ACT for Compensation of Trust Clients (d)	1 294 919	0
Receivable from Public Trustee for the ACT for Controls Review (e)	5 425	0
Total Accrued Investment Income	2 558 471	1 815 824

(a) Interest Receivable has decreased due to a reduction in interest rates received in comparison to the previous year.

(b) In 2012-13, a large dividend was received from the International Equities Common Fund, this was not repeated in 2013-14.

(c) Reduced Input Tax Credit receivable relates to the claim made on Controls Review costs claimable with the Australian Taxation Office.

(d) The Receivable from Public Trustee for the ACT for Compensation of Trust Clients relates to clients that are estimated will be compensated for irregularities found in Trust Clients accounts.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

7. RECEIVABLES (Continued)

(e) The Receivable from Public Trustee for the ACT for Controls Review are associated with recovering the costs incurred by the Trust Account for consultancy services to identify weaknesses and review adequacy of controls over trust funds.

Refer to Note 2 (i) Significant Accounting Judgements and Estimates, Note 3 Irregularities in Trust Funds Administered by the Public Trustee and Note 4 Insurance Recoveries.

8. UNREALISED ASSETS

	2014 \$	2013 \$
Properties at cost		
Real Estate	45 189 675	37 098 345
Total Properties at cost	45 189 675	37 098 345
Unit based assets - at fair value		
Shares	7 370 481	4 742 570
Superannuation Policies	32 788	67 623
Managed Funds	24 881	1
Property and Unit Trusts	745 549	857 565
Total Unit based assets - at fair value	8 173 699	5 687 759
Other assets at cost		
Nursing Home/Retirement Village Bonds	6 617 795	8 660 208
Superannuation Policies	28 887 219	33 104 885
Prepaid Funerals	66 133	59 246
Managed Funds	565 780	1 822 781
Investments	4 762 480	2 584 716
Personal Effects	156 392	162 984
Total Other assets at cost	41 055 799	46 594 860
Total Unrealised Assets	94 399 173	89 388 964

The increase in Unrealised Assets has occurred due to an increase in the value of client assets under management.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

9. PROPERTY

	2014 \$	2013 \$
Property at fair value	<u>274 750</u>	<u>290 000</u>
Leasehold Building	335 750	305 000
Plus: Revaluation	<u>0</u>	<u>30 750</u>
	335 750	335 750
Less: Accumulated Depreciation	<u>(61 000)</u>	<u>(45 750)</u>
Total Property	<u>274 750</u>	<u>290 000</u>

An independent valuation of the Public Trustee warehouse at Mitchell was performed as at 30 June 2013. The valuation indicated the value of the warehouse exceeded its carrying amount. Consequently, the asset was revalued.

10. TRUST LIABILITIES

Mortgages	1 199 768	402 717
Funeral Expenses	15 558	38 226
Bank Loans and Credit Cards	58 664	47 760
Medical/Dental Costs	36 577	36 954
Property/Utility Costs	48 507	41 227
Personal Expenses	38 109	0
Accommodation/Rent	54 282	0
Sundry Debts	65 704	66 400
Dividends to be Distributed	385 204	833 268
Accrued Income Commission	21 262	45 830
Accrued Management Fees	<u>208 347</u>	<u>207 578</u>
Total Trust Liabilities	<u>2 131 982</u>	<u>1 719 940</u>

The increase in Trust Liabilities as a whole is mainly attributable to estates on hand at 30 June 2014 having mortgages. At the end of the previous period there were no mortgages owing by estates. The decreases in dividends to be distributed and the corresponding income commission is in relation to the non receipt of a dividend from International Equities Common Fund at 30 June 2014.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

11. PROVISION FOR COMPENSATION OF TRUST CLIENTS

	2014 \$	2013 \$
Provision for Compensation of Trust Clients	1 294 919	0
Total Provision for Compensation of Trust Clients	1 294 919	0
Reconciliation of the Provision for Compensation of Trust		
Balance at the Beginning of the Reporting Period	0	0
Increase in Provision during the Reporting Period	1 294 919	0
Balance at the end of the Reporting Period	1 294 919	0

The Public Trustee has made a provision for the compensation of Trust Clients for irregularities currently under investigation. Refer to Note 3 *Irregularities in Trust Funds Administered by the Public Trustee* and Note 2 (j) *Significant Accounting Judgements and Estimates*.

12. ESTATES AND TRUSTS UNDER ADMINISTRATION

Deceased Estates	38 735 796	27 538 954
Power of Attorney	17 613 861	17 549 038
Court Trusts	76 625 781	76 271 403
Protected Estates	766 393	3 490 672
Estate Trusts	21 954 070	21 290 335
Proceeds of Crime	8 006	31 472
Community Trusts	4 382 546	2 939 639
Management Orders	43 445 955	38 202 011
Unclaimed Monies	23 704 935	20 706 991
Capital Region Community Foundation - Gift Fund	9 280 472	8 219 349
Capital Region Community Foundation - Open Fund	3 926 036	3 083 814
Trusts - Other	1 064 066	1 042 635
Other	(2 242)	(1 610)
Total Estates and Trusts Under Administrations	241 595 681	220 454 703

St Hilliers Trust wound up in February 2014, therefore Protected Estates have decreased in 2013-14. An increase in the value of client assets in Estates, Management Orders and Trusts Under Administration have increased Estates and Trusts Under Administration in 2013-14.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

13. ASSET REVALUATION SURPLUS

	2014	2013
	\$	\$
Asset Revaluation Surplus	316 778	316 778
	<u>316 778</u>	<u>316 778</u>
Balance at the Beginning of the Reporting Period	316 778	286 028
Increase in the Asset Revaluation Surplus	<u>0</u>	<u>30 750</u>
Balance at the End of the Reporting Period	<u>316 778</u>	<u>316 778</u>

14. CASH FLOW RECONCILIATION

For the purpose of the Cash Flow Statement cash includes cash on hand and held with 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.

Cash at Bank	80 183 143	72 309 170
Total Cash and Cash Equivalents	<u>80 183 143</u>	<u>72 309 170</u>
Operating (Deficit) / Surplus – Common Fund	(10 368)	81 022
Operating Surplus - Guarantee and Reserve Account	25 814	58 390
Add / (Less) Non-Cash Items		
Depreciation	15 250	15 250
Management Fee Rebate	(59 549)	(63 017)
Dividends Distributed to Estates and Trusts	2 002 298	2 250 687
Interest Distributed to Estates and Trusts	<u>1 937 874</u>	<u>2 577 607</u>
Net Cash Inflow Before Changes in Operating Assets and Liabilities	<u>3 911 319</u>	<u>4 919 939</u>
Changes in Operating Assets and Liabilities		
(Increase) in Receivables	(742 647)	(516 525)
Increase in Provision of Compensation to Trust Clients	1 294 919	0
Increase / (Decrease) in Trust Liabilities	<u>412 022</u>	<u>(35 100)</u>
Net Change in Operating Assets and Liabilities	<u>964 294</u>	<u>(581 625)</u>
Net Cash Inflows from Operating Activities	<u>4 875 613</u>	<u>4 368 314</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2014**

15. EVENTS OCCURRING AFTER BALANCE DATE

There were no events occurring after balance date that would affect the Financial Statements in current or future reporting periods.



ANNEXURE - INSERTED REPORTS

PUBLIC TRUSTEE INVESTMENT BOARD



PUBLIC TRUSTEE FOR THE ACT

ANNUAL REPORT 2013-14

I am pleased to report on the activities of the Public Trustee Investment Board for 2013-14.

THE BOARD

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

The Board provides expertise to ensure best practice in financial and risk management 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;
- distribution of income; and
- aspects of policy and its implementation to ensure that it complies with the *Public Trustee Act 1985* and the *Trustee Act 1925*.

MEMBERSHIP

S.48 of the Act, requires that the Board be comprised of the Public Trustee (Senior Member) and at least two other members appointed by the Minister for a term not longer than three years. Members are appointed on an honorary basis.

The Board currently consists of the Public Trustee and four members, including one member representing the Chief Minister, Treasury and Economic Development Directorate. To mitigate the potential for all positions to be vacated simultaneously, appointments are made on a staggered basis where practicable.

The membership of the board during 2013-14 was as follows–

Mr Andrew Taylor	- Senior Member
Mr Tom Babic	- Expires 2 March 2016
Ms Christine Goode	- Expires 2 March 2015
Mr Thach Huynh	- Expires 2 March 2017
Mr Patrick McAuliffe	- Expires 2 March 2016
Ms Glenys Roper	- Expired 2 March 2014.

Mr Tom Babic has expertise in financial planning and investment. Mr Babic is the principal of consulting firm Ascent Consulting Group, providing advice on market research, corporate strategy, business development and procurement management. From 1997–2006, Mr Babic was Managing Director of Westpeak Global Advisors, and from 1991-1997 he was Senior Portfolio Manager, Total Risk Management, Commonwealth Funds Management. Mr Babic has a Bachelor of Commerce (Deakin University) and a Certificate in Financial Planning (Securities Institute).

Ms Glenys Roper is Director of Roex Management, providing business and management advice. From 1997–2000, Ms Roper was Chief Executive for the Office of Government Online, responsible for federal government strategy for electronic service delivery and 'back end' processing. Prior to that, she held a number of CEO and executive positions in the Australian Public Service. Ms Roper is a currently Chair, ACT Long Service Leave Authority Board; Trustee/Director, AvSuper; and, Director, Aspen Corporate Medical Options. Ms Roper is also Chair and Member of a number of Risk and Audit Committees of Government agencies.

Ms Roper's term expired on 2 March 2014 following a lengthy appointment to the Board of 10 years.

Ms Christine Goode PSM has had 34 years experience with the Australian Public Service. Ms Goode has extensive experience in transport, communications, finance and executive management, working at Deputy Secretary and Chief Executive Officer levels. Since retiring in 2002, Ms Goode has held Board appointments with Airservices Australia, State Super Financial Services Ltd, and National Foundation for Australian Women Ltd, as well as chairing Comcare's Audit Committee for 3 years. She is currently a Trustee Director of AvSuper Pty Ltd.

Mr Patrick McAuliffe is the Director, Investment Branch, ACT Chief Minister and Treasury Directorate. Mr McAuliffe is responsible for leading the development and implementation of key investment policies and strategies for the ACT Government's financial investment portfolios. Mr McAuliffe's is also responsible for the management and funding of the Government's borrowing program and the Government's unfunded defined benefit superannuation liabilities. Mr McAuliffe brings a wealth of knowledge and experience in investment and funds management to the Board.

Mr Thac Huynh is a Director of Professional Financial Solutions and has over 18 years experience advising superannuation funds, charities, government bodies and Public Trustees in actuarial and investment matters. He has worked throughout Australia and the Asia-Pacific region in both the public and private sectors and has held advisory roles with the ASX, NMG Financial Services, NSP Lewis and AMP. Mr Huynh is a qualified actuary, has a bachelor degree in Economics (Actuarial Studies) from the ANU and has completed a graduate diploma in financial planning.

ASSET CONSULTANT

PTACT appointed PricewaterhouseCoopers (PwC) in February 2011 to provide asset/markets consultancy services to the Board including quarterly reports. PwC was contracted to undertake a review of PTACT's investment and risk management and presented its report to the Board in February 2012. The recommendations in the report have been substantially implemented.

THE YEAR IN REVIEW

The board supervised a good financial year, with all the investment markets represented by PTACT common funds recording strong positive returns. All markets with capital volatility received above average performances although income returns were slightly down in the year as a result of reduced interest rates. This translated into worthy returns in PTACT's Risk Models Income Stable, Balanced and Growth with each of these risk profiles continuing to meet or exceed the total return objectives set by PTACT's asset consultant PricewaterhouseCoopers. Going forward PTACT expects to see another year of low interest rates for the cash market but also remains optimistic for ongoing capital growth for the risk tolerant clients in the PTACT risk models.

ATTENDANCE TABLE

Member	27.08.13	20.11.12	19.02.13	22.05.13
Andrew Taylor	✓	✓	✓	✓
Tom Babic	X	✓	X	✓
Glenys Roper*	✓	X	✓	
Christine Goode	✓	✓	✓	X
Patrick McAuliffe	✓	✓	✓	✓
Thach Huynh**				✓

* Expired 2 March 2014

** Commenced 3 March 2014

OUTCOMES

During the year, Mr Thach Huynh was appointed for a term of three years expiring 2 March 2017. Mrs Glenys Roper's term expired on 2 March 2014.

I welcome Thach to the Board and thank Glenys for her significant contribution to the Public Trustee's investment outcomes over 10 years.

The Board considered a range of issues during the year including -

- The continuing appropriateness of an active fund manager for PTACT's Australian Equities Fund (continuing).
- Whether PTACT's Australian Equities Fund should remain as a segregated fund or move to a mandated account (continuing).
- The effect on client investments in the event of transfer to a mandated account (continuing).

Advice was sought from -

- PwC in relation to the reasoning behind selected benchmarks in the asset consultant's quarterly report. Meeting decided that PwC should not adjust benchmark to reflect fees.
- PwC in relation to tracking error for the Tyndall Australian Share Fund reducing from 3.6pa for 10 years to 2.1 for 1 year and how this compared with other value managers.
- Professional Financial Solutions as to the adequacy of the Public Trustee's statutory Guarantee and Reserve Account to meet the requirements in the *Public Trustee Act 1985*. A review was undertaken finding that the level of funds was adequate to meet required purposes.
- The Public Trustee concerning the issue of long sustained periods of nil quarterly income distributions from the International Equities Common Fund.
- The Public Trustee as to the costs and effects of a transfer from Tyndall to Vanguard for the Australian Equities Common Fund.
- PwC in respect to the delisting of 21st Century Fox from the ASX and whether client shares should be sold or to organise an exemption.

Key decisions made by PTACT on the basis of Board advice were -

- That the benefits of active management for the Australian Equities Fund were insufficient to justify the added risk and to keep the fund under close scrutiny with a view to moving to an index manager.
- The fees and extra administration associated with the Australian Equities Fund may no longer warrant a mandated fund.
- That it may be time to engage PwC to review PTACT's Strategic Asset Allocation and international fund arrangements as well as perhaps holding International Fixed Interest. The Public Trustee stated that PTACT reviews its SAA and risk strategies on a five yearly cycle however the next one is not due until late 2016.
- To independently review the Guarantee and Reserve Account and to implement any recommendations arising from the review.
- PwC recommended that PTACT continue to hold the 21 Century Fox investment for another 6 to 12 months. An exemption was executed by Tyndall and PTACT to allow the holding to continue up to 31/12/2014. Board

commented that if the returns on the FOX shares are favourable PTACT should request Tyndall to make an early withdrawal.

- To lower the cash rate paid by the PTACT Cash Common Fund through four quarterly adjustments from 3.00% on 1 July 2013 to 2.55% at 30 June 2014.

LOOKING FORWARD

I record my thanks to Board members Christine Goode, Glenys Roper, Tom Babic, Thach Huynh and Patrick McAuliffe together with Senior Deputy Public Trustee Doug Gillespie, Deputy Public Trustee & Finance Manager, Joanne Thompson and PTACT Investments Officer, David Stenhouse as well as PricewaterhouseCoopers for their valuable advice and contribution to the Board during 2013/14.

Andrew Taylor
**SENIOR MEMBER/
 PUBLIC TRUSTEE**



Public Trustee Investment Board – Andrew Taylor (Senior Manager), Patrick McAuliffe, Glenys Roper, Tom Babic, Christine Goode and Thach Huynh (absent).

OFFICIAL VISITORS BOARD

OFFICIAL VISITOR SCHEME

OFFICIAL VISITORS BOARD ANNUAL REPORT 2013-14

I am pleased to report on the activities of the Official Visitors Board for 2013-14.

THE BOARD

The Official Visitors Board (the Board) was established under S.23A of the *Official Visitor Act 2012* (the Act) following amendments which came into effect on 1 September 2013.

In addition to the centralisation of administrative arrangements, the establishment of the Board achieves an important degree of separation between Official Visitors and Operational Directorates. Amendments to the Act provide the necessary degree of independence for Official Visitors to carry out their inspection functions at arm's length from Operational Directorates charged with the administration of the facilities within which Official Visitors have inspection functions.

The Board has no involvement in the day-to-day activities of Official Visitors, making them truly independent in the conduct of their responsibilities.

The Official Visitors Board has the following functions under the Act -

- arrange training for official visitors;
- facilitate interaction between official visitors;
- arrange for the provision of administrative assistance to official visitors; and,
- exercise any other function given to the board under the Act, an operational Act or another Territory law.

For the purposes of the Act, each of the following is an operational Act -

- *Children and Young People Act 2008*;
- *Corrections Management Act 2007*;
- *Disability Services Act 1991*;
- *Housing Assistance Act 2007*;
- *Mental Health (Treatment and Care) Act 1994*.

The Board is required to meet at least twice each year.

MEMBERSHIP

In accordance with S.23B of the Act, the Board comprises the following -

- the Public Trustee for the ACT (Chair);
- the Public Advocate of the ACT (Member);
- a Commissioner from the Human Rights Commission, as determined by the Commission (Member); and,
- two Official Visitors, chosen by the Official Visitors as their representatives (Members).

S.238(2) of the Act appoints the Public Trustee as *ex officio* Chair of the Board.

The Human Rights Commission has nominated the Health Services Commissioner/Disability and Community Services Commissioner as its representative on the Board.

Membership of the board from 1 September 2013 to 30 June 2014 was as follows–

MEMBER	CAPACITY
Mr Andrew Taylor	Public Trustee (Chair)
Dr Helen Watchirs	Public Advocate of the ACT
Ms Mary Durkin	Health Services Commissioner/Disability and Community Services Commissioner representing the Human Rights Commission
Ms Sue Connor	Principal Official Visitor under the <i>Mental Health (Treatment and Care) Act 1994</i>
Ms Tracey Whetnall	Official Visitor under the <i>Children and Young People Act 2008</i> and the <i>Corrections Management Act 2007</i> . (Ms Whetnall satisfies the requirement in the Act for appointment of an Aboriginal and Torres Strait Islander Official Visitor for Children and Young People and Corrections Management)

THE YEAR IN REVIEW

The Board was established on 1 September 2013 and, operated for part of the reported year. The Board is required to meet twice each year and held its first meeting on 29 January 2014. The Board is scheduled to meet on 26 August 2014.

Prior to each meeting of the Board, each member is required to disclose any material interest in an issue to be considered at the meeting.

All members of the Board attended the meeting on 29 January 2014 and no interests were reported by any member.

The meeting held on 29 January considered the following issues -

Administrative

Requirements of the *Official Visitor Act 2012* and the role of the Board.

Appointments process

By agreement between the Justice and Community Safety Directorate and the Public Trustee, the Public Trustee will handle the appointment of new and replacement Official Visitors with advice and nominations from Operational Directorates. The terms of two Official Visitors for the purposes of the *Mental Health (Treatment and Care) Act 1994* expire on 22 December 2014. Action has been initiated to re-appoint both Official Visitors on the recommendation of the Minister for Health.

Funding/Remuneration

The Public Trustee did not receive appropriation to cover Official Visitor remuneration for the reported year. Instead, The Public Trustee received the balance of appropriation paid to Operational Directorates for remuneration purposes from 1 September 2013 for the reported year in addition to an amount for administration of the scheme. Appropriation has been made directly to the Public Trustee for 2014-15.

Communications

- Web page - a web page was developed as part of the Public Trustee's website. The web page contains information, Official Visitor contact details as well as a Contact Form.
- Response line - An Official Visitor 1300 (freecall) phone line was established providing a central point of contact for all Official Visitors. Callers are directed to

- the appropriate official visitor by selecting a menu prompt.
- Stationery - A comprehensive suite of stationery for Official Visitors has been designed and produced including business cards, flyers, letterheads etc.

Parking Permits

Parking permits have been provided to all Official Visitors for use in the course of their official business. The permits can be used in all carparks marked for government vehicle parking.

Community Services Directorate email address

The Board considered the issue of the Community Services Directorate (CSD) establishing a Directorate mailbox to receive emails from entitled persons under the *Disability Services Act 1997* addressed to Official Visitors.

The Board expressed concern that a practice by an Operational Directorate in receiving emails directed to Official Visitors was not in the spirit of the required separation between Operational Directorates and the day-to-day activities of Official Visitors. CSD responded that it was merely a conduit for such emails, which were not opened and read. The Board accepted this and no further action was required.

Frequency of visits

The amending Act removed provisions detailing visit frequency requirements for Official Visitors. Frequency of visits will now be dealt with through Guidelines made by Operational Directorates and published on the ACT Legislation Register.

Visitable places definition

The Board considered the definition of the term 'visitable places' as it might apply to people with disabilities in aged care facilities given that the Commonwealth has jurisdiction. A revised description was settled and published in the web page. The term 'visitable place' has been interpreted to include the ability for Official Visitors for the purposes of the *Disability Services Act 1997* to visit aged care facilities where younger people with disabilities reside.

Training

The Board provided training to Official Visitors for the purposes of the *Mental Health (Treatment and Care) Act 1994* through the NSW Official Visitor Scheme. Three Official Visitors were enrolled to access this training in Sydney on 14th & 15th August 2014. The Board will conduct its first training day on 18 November 2014. It is also proposed to invite the Public Advocate for Victoria, Ms Colleen Pearce, who administers the Scheme in Victoria.

Compensation for Official Visitors

The Board raised concerns about workers' compensation arrangements for Official Visitors in the conduct of their official business. The Board was also concerned about responsibility for the cost of rehabilitation in the event that an Official Visitor is injured in the course of their work. The Chief Minister, Treasury and Economic Development Directorate (CMTED) has obtained advice that Official Visitors come within the definition of "employee" for the purposes of the *Safety, Rehabilitation and Compensation Act 1988* in the conduct of their official business. CMTED has also confirmed that Official Visitors come under existing workers' compensation insurance with ComCare.

FINANCIAL MATTERS

As previously mentioned, the Public Trustee received funding from CMTED for its administration of the Official Visitor Scheme and from Operational Directorates for remuneration of Official Visitors from 1 September 2013 to 30 June 2014.

Funding received for administrative purposes	-	\$85,086.00
Funding recovered from Operational Directorates	-	\$331,784.75
Total Funding received	-	\$416,870.75

Expenditure by Public Trustee on administration	-	\$85,060.00
Expenditure by Public Trustee on remuneration	-	\$156,547.00
Net underspend by Public Trustee	-	\$175,237.12

Funding for 2014-15 will be by way of appropriation directly from CMTEd.

LOOKING FORWARD

During 2014-15, the Board will work to develop and run the first of an annual training program for ACT's Official Visitors. Issues of interest to be covered will include Disability, Criminology, Human Rights, and Aboriginal and Torres Strait Islander issues. It is proposed to invite the Public Advocate for Victoria, Ms Colleen Pearce, who administers the Scheme in Victoria to attend and present at the Training Day.

During the reported year a revised Justice and Community Safety Directorate Enterprise Bargaining Agreement was signed. This will apply to Official Visitors and any necessary adjustments to remuneration will be made.

I record my thanks to Board members Dr Helen Watchirs, Ms Mary Durkin, Ms Sue Connor and Ms Tracey Whetnall and the valuable guidance provided by Danielle Perks (Justice and Community Safety Directorate) in establishing the Board.

Andrew Taylor
CHAIR/
PUBLIC TRUSTEE



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GLOSSARY OF ABBREVIATIONS AND ACRONYMS

ACAT	Australian Capital Territory Civil and Administrative Tribunal.
ACNC	Australian Charities and Not-for-profits Commission
AFL	Australian Football League.
AGAC	Australian Guardianship and Administration Council.
AUSTRAC	Australian Transaction Reports and Analysis Centre.
AWA	Australian Workplace Agreement.
CAT	Confiscated Assets Trust Fund
COMMBIZ	Commonwealth Bank - Business.
COTA	Council on the Ageing.
CPA	Certified Practicing Accountant.
CSO	Community Service Obligations. Those obligations to the community that the ACT Government purchases from the Public Trustee.
EDRMS	Electronic Document and Records Management System
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.
ESD	Ecologically Sustainable Development.
FMA	<i>Financial Management Act 1996.</i>
FTE	Full time equivalent.
FSC	Financial Services Council
GFC	Global Financial Crisis.
GST	An indirect broad based consumption tax built into the price of specified goods and services and collected at point of sale.
JACS	Justice and Community Safety Directorate.
JACS IM/ICT	JACS committee for information management and information and communication technology
JACSCOM	JACS Communication. A representative forum for JACS Directorate executives and statutory office-holders.

MACA	Ministerial Advisory Council on Ageing.
MDA	Management Discussion and Analysis
MOU	Memorandum of Understanding.
OH&S	Occupational Health and Safety.
PTACT	Public Trustee for the Australian Capital Territory.
PWC	PricewaterhouseCoopers
QA	Quality Assurance.
SOG	Senior Officer Grade (Classification).
SOHO	Statutory Office-Holders. A representative forum comprising JACS statutory office holders.
SBMP	Strategic Bushfire Management Plan
TACT	Trust Accounting (System)
TCA	Trustee Corporations of Australia Inc.

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 <i>Confiscation of Criminal Assets Act 2003</i> .
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 less than \$100,000 and Trusts less than \$100,000.
Current Ratio	The ratio of current assets to current liabilities.
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 capacity.
Estate	The sum of the transmittable 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 where 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	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 <i>Guardianship and Management of Property Act 1991</i> 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 ie under 18 yrs.
Procurement	Acquisition of good, services and works by Territory entities.
Prudent Person Principle	A legal rule requiring investment advisers to only make investments for their clients' discretionary accounts that a "prudent person" would make.
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.
PT Investment Board	A board established under S.47 of the <i>Public Trustee Act 1985</i> 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 <i>Financial Management Act 1996</i> 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 <i>Unclaimed Moneys Act 1950</i> .
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.



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