



PUBLIC TRUSTEE
FOR THE AUSTRALIAN CAPITAL TERRITORY

ANNUAL REPORT 2014 – 2015





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ANNUAL REPORT

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A TRANSMITTAL AND FOREWORD



TRANSMITTAL CERTIFICATE



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

**PO BOX 221
CIVIC SQUARE ACT 2608**

When Replying
Please Quote: AJT

Telephone: (02) 6207 9800
Facsimile: (02) 6207 9811

17 September 2015

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 2015.

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 2014-2015 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 2014 to 30 June 2015 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

WILLS • ESTATES • FINANCIAL MANAGEMENT SERVICES • TRUSTS

221 London Cct, Canberra ACT 2600
www.publictrustee.act.gov.au
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PUBLIC TRUSTEE'S FOREWORD



Andrew Taylor,
Public Trustee for the ACT

I am pleased to present the annual report for the Public Trustee for the ACT (PTACT).

During the year, PTACT participated in the development of local and national initiatives including -

- contributing to consultation on, and conduct of the trial of, the National Disability Insurance Scheme (NDIS);
- discussion of the concept of Supported Decision-Making;
- a review of the ACT's Guardianship Laws; and
- a Discussion Paper on the proposed re-structure of ACT's rights protection agencies.

PTACT also contributed to a number of other national initiatives through its active membership of a number of peak body organisations including the Australian Guardianship and Administration Council (AGAC) and the Financial Services Council (FSC).

PTACT manages significant assets on behalf of persons with a decision-making disability, Enduring Power of Attorney clients, trust/estate clients, government agencies, as well as managing Confiscated Criminal Assets including real estate, vehicles and other assets. Underpinning the diverse requirements associated with the management of these assets are the 'prudent person investment principles' and the need for a strong risk strategy. In other respects our responsibilities range from ensuring that all property is adequately insured and maintained to getting the best outcome for clients with service providers including tradesmen and real estate agents. To enhance our performance in this regard, PTACT recruited an industry qualified Property Officer during the reported year. At 30 June 2013, the property portfolio consisted of over 96 properties with a value of around \$43M.

In June 2015, the Public Trustee finalised the investigation of irregularities discovered in client financial accounts maintained under Enduring Power of Attorney and under order of the ACT Civil and Administrative Tribunal (ACAT). Losses amounting to \$1.736M in respect to some 87 client accounts have now been identified and quantified. Compensation to client accounts was completed in full on 30 June 2015 including amounts for capital, interest and prospective capital gains. PTACT's fraud/corruption mitigation strategy has been reviewed to incorporate KPMG's recommendations.

In administering the work of the Public Trustee, our people embrace ACT Public Service values and signature behaviours of respect, integrity, collaboration and innovation. Their dedication 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.

Public Trustee staff member David Stenhouse received awards in both the Justice and Community Safety Directorate's Director-General's Awards as well as in the ACT Public Service Awards.



JACS Director-General Alison Playford presents David Stenhouse with an award in the JACS Director-General's Awards 2015.

PTACT has a strong focus on ensuring that it has a happy and productive workplace and a strong reputation for its products and services. Our staff recorded a 73% response to the 2014 Justice and Community Safety Directorate Staff Survey. A consistently high number of staff (63%) reported that the Public Trustee is a 'truly great place to work' however high individual workloads remain a concern for management in meeting increasing demands and complexity. Staff attitudes to management reflected a significant improvement from 2012 with consistently high response rates in respect to performance, communication, feedback, professional development and willingness to address performance issues.

In our rolling customer survey, 95% of customers surveyed stated that PTACT met or exceeded their expectations.

GreaterGood ended the year on a high with a corpus of \$16.2M (after distributions), total distributions since commencement in 2003 of \$2.8M and annual distributions of in excess of \$600K. A record of \$614,617.00 was distributed out of GreaterGood during the reported year. GreaterGood was also entrusted with a number of new accounts bringing the total to 80 accounts.

I was pleased to appoint Mr Roger Broughton as independent external chair of PTACT's Audit Committee. Roger is a former Executive Director, Investment and Economics, ACT

Chief Minister Treasury and Economic Development Directorate in which capacity he held a position on the Public Trustee's Investment Board for some 10 years.

PTACT continued to review the legislation which guides its operations including seeking amendments to the *Public Trustee Act 1985* to facilitate execution of dealings/contracts when acting in a protective capacity; reviewing the provisions in the *Cemeteries and Crematoria Act 2003* in respect to Perpetual Care Trusts; and the maintenance of records by Official Visitors under the *Official Visitor Act 2012*.

During the year, the Public Trustee committed to upgrading its business system TACT from v7.2 to v7.3 as well as finalising the implementation of the Unclaimed Money online claims facility.

PTACT published two editions of its Newsletter "Going Public", in August 2014 and in February 2015, as well as an edition of its E-News Newsletter for GreaterGood in December 2014.

I acknowledge the leadership and support of the Director-General, Justice and Community Safety Directorate (JACS) - Alison Playford, Deputy Directors-General JACS (Justice) – Vicki Parker, members of the PTACT Investment Board and the GreaterGood Board as well as independent Internal Audit Committee Chair - Roger Broughton.

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



Andrew Taylor
PUBLIC TRUSTEE

B ORGANISATION OVERVIEW AND PERFORMANCE



B.1.ORGANISATIONAL OVERVIEW

VISION, MISSION AND VALUES

- To be the ACT community's first choice for trustee services
- To consistently exceed client expectations in everything that we do
- To deliver value through ACT Public Service values of respect, integrity, collaboration and innovation.

ROLE, FUNCTIONS AND SERVICES

The Public Trustee for the ACT is an independent statutory office established under the *Public Trustee Act 1985*.

The Public Trustee's services include -

- Will services (as executor)
- Enduring Power of Attorney services (as attorney)
- Estate Administration (as executor or administrator)
- Trust Administration
- 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
- Administration of the ACT Official Visitor Scheme.

ORGANISATIONAL STRUCTURE, ENVIRONMENT AND PLANNING FRAMEWORK

Structure

Under the *Administrative Arrangements 2015 (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 is an independent statutory office-holder and Senior Executive in the ACT Public Service remunerated under the *Remuneration Tribunal Act 1995*. The Public Trustee's responsibilities include administration of PTACT and exercising the relevant statutory responsibilities. Each of PTACT's four business units Wills/Estates/Trusts, Finance, Financial Management Services and Investment/Funds Management is headed by a Deputy Public Trustee who, together with the Public Trustee, form PTACT's Management Committee.

The Public Trustee is advised in respect to investment matters by the Public Trustee Investment Board established under the *Public Trustee Act 1985*. The Board comprises the Public Trustee as *ex officio* Senior Member and at least two external members appointed by the Minister on an honorary basis. Four members are currently appointed. During the reported year the appointment of Christine Goode was extended for a further year expiring on 2 March 2016.

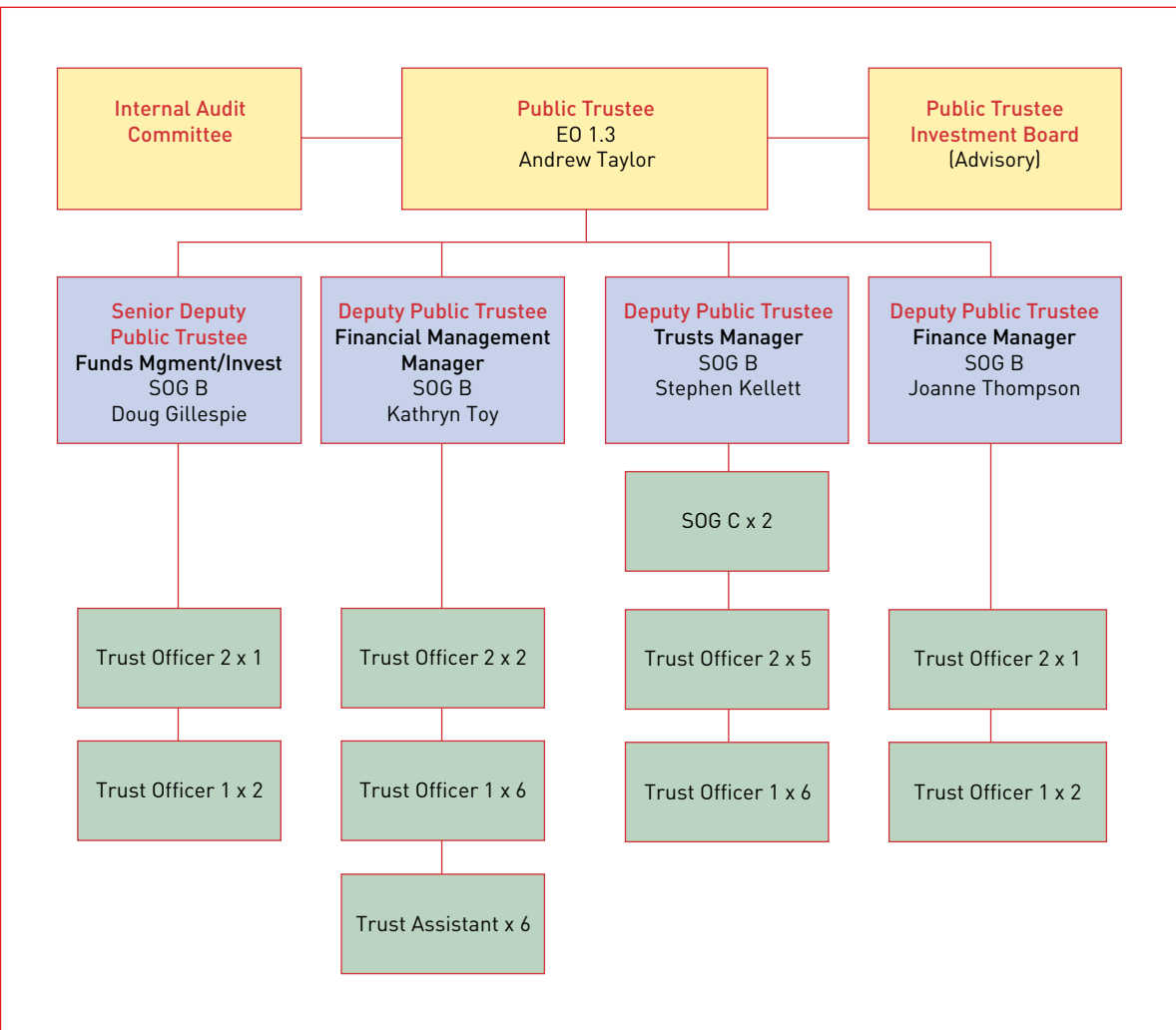
PTACT's (Internal) Audit Committee comprises a number of business unit representatives and independent chaired by Mr Roger Broughton, Roger Broughton is a former Executive Director, Investment and Economics, ACT Chief Minister Treasury and Economic Development Directorate. In that capacity he held a position on the Public Trustee's Investment Board for some 10 years. Mr Broughton has extensive experience in financial and economic policy together with his responsibilities in the financial management and investment of ACT Government funds and superannuation liabilities and assets. His role required oversight of around 60% of the ACT's revenue and 95% of its financial assets and liabilities as well as the Government's Risk Management Policy.

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

The Public Trustee entered into a Memorandum of Understanding (MOU) with the Director-General Justice and Community Safety (JACS) in 2013 to define areas of responsibility between PTACT and JACS having regard to the statutory independence of the Office of Public Trustee. The MOU continues in effect until November 2015.

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

Chart 1: PTACT Organisational Chart



PTACT prepares a business plan each financial year. This Business Plan provides a strategic outlook on PTACT's business over the next financial year and aligns with the Statement of Intent, Budget Paper 4 and Annual Report processes and accords with the JACS Directorate's Strategic Plan 2012-17.

Organisational environment

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 as Chief Executive Officer of a Territory Authority. The Public Trustee is responsible for PTACT's governance and is advised by the Public Trustee Investment Board in respect to investment/fund management matters.

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

PTACT does not have the organisational issues of larger state Public Trustees. However, given the ACT's geographic size, demography and concentrated population, PTACT delivers services across a broader and more diverse suite of trustee responsibilities. These include unclaimed moneys, management of government trust funds, confiscated criminal assets, uncollected goods, Capital Region Community Foundation as well as administration of the ACT Official Visitor Scheme.

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.

Planning Framework and Direction Setting

PTACT's Management Committee meets fortnightly and is the management and strategic planning body. PTACT's Personal Achievement and Development Plans (PADP) are closely aligned with PTACT Business Plan strategies and set the direction for PTACT's staff learning and development program.

PTACT is currently undergoing a revitalisation of its management team with two long-standing senior Managers retiring in 2013-14 and a further retirement expected in July 2015. PTACT has had a strong staff succession plan which has seen the development of well-qualified staff capable of competing for advancement.

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 the Justice and Community Safety Directorate's (JACS) Executive Communication Forum (JECS), the Public Trustee participates in the strategic planning and management of the JACS Directorate along with other JACS agency heads. The Public Trustee is well-represented in JACS activities including the Statutory Office-Holders' Forum (SOHO), JACS IM/ICT Committee, JACS Reconciliation Action Plan Working Group and as JACS Executive Sponsor for Respect Equity and Diversity.

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

The Public Trustee is trustee for GreaterGood and is responsible for the administration and development of the foundation, appointment of board members and strategic direction.

As Chair of the ACT Official Visitors Board, the Public Trustee, along with Board Members, is responsible for the appointment, training and administration of Official Visitors ensuring ongoing oversight and reporting to the Attorney-General in respect to the closed environments of corrections and mental health and the open environments of disability, homelessness and children and young people.

Summary of Performance

A significant indicator of PTACT's performance is reflected in the performance of its common funds. This is covered more fully under "Funds Management" in Section B.2 of this report.

PTACT's 2013-14 Business Plan identified Key Result Areas and Strategic Priorities.

Revenue

PTACT recorded total revenue for the period ending 30 June 2015 of \$6,531,796. This is \$886,796 higher than the original 2014-15 budget estimate of \$5,645,000 and a decrease of \$1,161,554 compared to the 2013-14 year. The decrease in income is due to a finalisation of adjustments to revenue associated with the investigation of financial irregularities and tailing-off of reimbursements to PTACT from the ACT Insurance Authority.

Expenses

PTACT recorded total expenses for the period ending 30 June 2015 of \$5,822,685 of which \$3,987,973 were employee-related (including superannuation). Total expenses were \$446,685 higher than the 2014-15 original budget estimate of \$5,376,000 for the corresponding period. By comparison, actual expenses for 2013-14 were \$7,510,803. The decrease in expenses is due to a finalisation of adjustments to expenditure associated with the investigation of financial irregularities and tailing off of reimbursements to PTACT client accounts.

It was pleasing to note that employee expenses (including superannuation) for 2014-15 at \$3,987,973 for were almost on a par to 2013-14 at \$3,985,018.

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.

Statement of Performance 2014-15

INDICATOR	Target 2014-15	Actual Outcome 2014-15	Variance %	Notes
Number of current financial management accounts under orders of the <i>Guardianship and Management of Property Act 1991</i> by the ACT Civil and Administrative Tribunal	501	509	1.60	
Number of active financial management accounts under Power of Attorney and Enduring Power of Attorney	53	52	(1.89)	
Number of responses to community call outs following death	3	1	(66.67)	1
Number of welfare funerals arranged	3	11	266.67	2

INDICATOR	Target 2014-15	Actual Outcome 2014-15	Variance %	Notes
Number of examinations of accounts provided from external managers under orders of the <i>Guardianship and Management of Property Act 1991</i> (GMP Act) by the ACT Civil and Administrative Tribunal	495	491	(.80)	
Number of deceased estate administrations completed < \$100,000	35	38	8.57	3
Number of deceased estate administrations completed > \$100,000	56	62	10.71	3
Number of trusts held under legal disability < \$100,000	332	337	1.51	
Number of trusts held under legal disability > \$100,000	59	56	(5.08)	
Wills	765	786	2.75	
Percentage of expenditure over total income	95%	89%	(6.32)	4

Notes

1. 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. There were less than expected call-outs in 2014-15.
2. The number of welfare funerals arranged varies depending on the amount of funds of deceased persons have available to pay for their funeral and the ability of the Public Trustee to contact known family members upon a person's death. More welfare funerals were arranged in 2014-15 for people with insufficient funds and where family members could not be contacted.
3. The number of finalised deceased estates administered by the Public Trustee for the ACT of a value of less than, or more than, \$100,000 reflects those finalised estates that were either –
 - carried over from the previous period/s and completed in the reported year; or
 - commenced and completed in the reported year.
4. The decrease in the percentage of expenditure over total income reflects the higher than budget total income and expenses that lead to an overall increase in the operating surplus at 30 June 2015.

Outlook and Priorities

The outlook for PTACT for 2015-16 is promising. PTACT has completed the investigation of irregularities identified in client financial accounts. All of the irregularities have been identified and reimbursed to client accounts together with interest. All amounts and costs were recovered through PTACT's fidelity insurance with ACT Insurance Authority

(ACTIA). PTACT's resilience to fraud and corruption has been strengthened through the implementation of the recommendations by KPMG Forensic in its Controls Review report.

On a staffing front, whilst PTACT has lost a number of highly experienced senior staff, our succession plan has identified and developed persons who are capable of competing for advancement. We are also fortunate to have recruited a number of highly experienced and well-qualified staff in 2014-15.

Our publication of "Going Public" every six months is designed to inform the community about our services and what they can expect from us. During 2015-16 we propose to publish editions dealing with Property Matters and Philanthropy through your Will.

Our acquisition during the year of upgraded the "TACT" trust accounting software, as well as a web-based unclaimed money facility, will provide ongoing efficiencies and enhanced client service well into the future.

PTACT's continuing priorities are to -

- provide professional, accessible trustee services to the community and government;
- ensure PTACT's staff is skilled, united and has an appropriate succession plan;
- acquire and maintain appropriate technology to satisfy current and future needs;
- project a respected, trusted and reliable reputation in the community;
- ensure that the Public Trustee brand enjoys a strong reputation in the community;
- focus on providing value;
- provide a respectful, equitable and safe workplace free of discrimination; and
- actively contribute to and influence industry, the JACS Directorate and ACT Government.

Our major challenges ahead will be to cope with the expected continuing increases in Community Services Obligations, Canberra's ageing community and increasing demand on services and to finalise establishment of changes in our management team.

The release of the Government's Discussion Paper "Designing a Model for the Effective Protection of Human Rights" - April 2015 has implications for PTACT. In addition to the restructure of the Human Rights Commission, the Paper proposes that the role of Public Guardian be merged with the Office of Public Trustee. The Public Trustee saw many positive outcomes and few insurmountable problems for government and the community in merging the two Offices. PTACT will work closely with Government in the event that the proposal is implemented.

INTERNAL ACCOUNTABILITY

Senior Executives & Responsibilities



Public Trustee Management - Stephen Kellett, Doug Gillespie, Kathryn Toy, Andrew Taylor, David Stenhouse and Joanne Thompson.

ANDREW TAYLOR

Public Trustee

Andrew Taylor was appointed to the statutory office of Public Trustee in September 2010 for a further term of 5 years. The Public Trustee has statutory responsibilities as trustee established by legislation as well as administrative and financial responsibilities as an ACT Government Executive.

Mr Taylor is Senior Member of the Public Trustee Investment Board, member of the Trustee Committee of the Financial Services Council of Australia (FSC), 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 past Trustee representing the Ministerial Council on the National Travel Compensation Fund Board of Trustees (representing Tasmania, South Australia and the ACT). Mr Taylor was Executive Sponsor for Respect Equity and Diversity and Reconciliation Action Plan (RAP) Ambassador in the JACS Directorate. Mr Taylor has been *ex officio* Chair of the Official Visitors' Board since September 2013.

The Public Trustee's executive responsibilities are to -

- lead and improve service delivery in trustee administration;
- effectively allocate budget, planning and resources;
- deliver best practice trustee policies, practices and procedures;

- ensure case management strategies meet the needs of clients and stakeholders;
- minimise operational costs while maintaining a high level of client service; and
- ensure a high performance culture.

DOUG GILLESPIE

Deputy Public Trustee - Investment-Funds Management-Investigation

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

Mr Gillespie 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 President of Rostrum Australia.

During the last part of 2014-15, Mr Gillespie undertook the considerable task of working with ACT Policing, KPMG and ACT Insurance Authority in the finalisation of the investigation of financial irregularities in client accounts. During that time, David Stenhouse undertook the role of Manager-Investment and Funds Management.

DAVID STENHOUSE

A'g Deputy Public Trustee - Investment- Funds Management

David Stenhouse holds 11 years experience as Investments Officer in the Public Trustee's Investment/Funds Management Unit. David manages the Public Trustee's Investment Common Funds in the global and Australian Equity markets, Australian Fixed Interest market and the Australian Listed Property Trusts market. David also ensures that the Public Trustee maintains and reviews its investment strategies on behalf of its trusts and clients in line with the 'Prudent Person Investment Principle' under legislation and advice from asset consultants. David's team oversees the management of unclaimed moneys in the ACT and the administration and promotion of the Capital Region Community Foundation (GreaterGood). In 2015 David was also appointed Manager of PTACT's Internal Audit Committee.

David has a Diploma in Financial Services and additional qualifications in Frontline Management, Complex Trusts and Will Preparation. He has acted in the position of Manager Investment/Funds Management for the last six months of the financial year during the secondment of Doug Gillespie. David was presented with an award in the JACS Director-General's Awards 2015.

JOANNE THOMPSON**Deputy Public Trustee – Finance**

Joanne Thompson was appointed as Manager-Finance in 2006 and has 25 years experience with the Public Trustee and, prior to that, 5 years with a superannuation trustee company. Joanne manages all Public Trustee 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**Deputy Public Trustee - Personal Management Services**

Kathryn Toy joined PTACT in 2010. Ms Toy trained as a State Registered Nurse at The Canberra Hospital and joined PTACT from the private sector where she managed a busy sports medicine practice for many years. She has extensive experience in business management, administration and financial management and has overall responsibility for the financial and property affairs of represented clients.

Kathryn was appointed as Manager - Financial Management Services on 25 December 2014 following a period as acting Manager from March 2014.

STEPHEN KELLETT**A'g Deputy Public Trustee - Wills/Estates/Trusts**

Stephen Kellett has over 40 years experience in the Trustee Industry, having been admitted as a Member of the Executor and Trustee Institute in 1993. Mr Kellett is acting Manager of the Wills/Estates/Trusts Unit and is responsible for the preparation of Wills and Enduring Powers of Attorney for ACT residents, administration of deceased estates whether as executor or administrator and the administration of trusts including Confiscated Criminal Assets.

REMUNERATION

The Public Trustee is remunerated in accordance with a Determination of the Remuneration Tribunal as an ACT Government Executive. PTACT's staff members are remunerated in accordance with the *JACS Enterprise Agreement - Administrative & Related Classifications 2013-2017*.

PUBLIC TRUSTEE INVESTMENT BOARD

The Public Trustee Investment Board was established under the *Public Trustee Act 1925* and advises the Public Trustee on investment matters and strategy. The Board has no governance responsibilities and does not provide advice to the Minister.

A full report on the Public Trustee Investment Board is separately provided as an Annexure to this Annual Report.

The composition of the Board is determined in accordance with the *Public Trustee Act 1985* and comprised the following persons during the financial year –

- Andrew Taylor - Public Trustee for the ACT (Senior Member)
- Tom Babic - (Member)
- Christine Goode - (Member)
- Thac Huynh - (Member)
- Patrick McAuliffe - (Member).

Public Trustee Managers Joanne Thompson and Doug Gillespie, and staff members David Stenhouse and Stefan Dzwonnik also attended Board meetings.

INTERNAL AUDIT COMMITTEE

The Public Trustee's Internal Audit Committee, headed by independent Chair, Mr Roger Broughton, manages and reviews all aspects of risk to the Public Trustee. A separate report on the Internal Audit Committee may be found at Part B.5 of this report.

PUBLIC TRUSTEE MANAGEMENT COMMITTEE

The Public Trustee's Management Committee is an internal Governance forum which 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'.
- 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.

OFFICIAL VISITORS BOARD

The composition of the Official Visitors Board is determined by the *Official Visitor Act 2012*. During the reported year, the Board comprised –

- Andrew Taylor - Public Trustee for the ACT (*ex officio* Chair)
- Helen Watchirs - Public Advocate of the ACT (Member)
- Mary Durkin - nominated Human Rights Commissioner (determined by the Human Rights Commission)
- Sue Connor - official visitor (chosen by the official visitors as representative)
- Tracey Whetnall - official visitor (chosen by the official visitors as representative).

The Board is a representative panel to -

- co-ordinate arrangements for the appointment of Official Visitors;
- arrange training for official visitors;
- facilitate interactions between official visitors;
- arrange for the provision of administrative assistance to official visitors; and
- exercise any other function given to it under the Act or another Territory law.

The Board has no role in determining the functions of official visitors. The Board meets concerns around independence and support while still allowing official visitors to be largely self-determining.

A full report on the Official Visitor's Board is separately provided as an Annexure to this Annual Report.

B.2 PERFORMANCE ANALYSIS

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 (CSO) grant of \$484,000 (indexed annually) to assist the needy in the community to access our services is highly subsidised by PTACT's commercial undertakings. The Public Trustee has not sought an increase in CSO funding preferring instead to bridge the ever-widening gap between demand and supply by building sustainable business levels and capability. CSOs have traditionally been considered an essential service and as critically important in ensuring those services are provided to lower income and/or socially disadvantaged groups.

PTACT's performance in brief is as follows -

- Operating surplus for the year ended 30 June 2015 was \$709,111, higher than the original budget estimate \$269,000 and an increase of \$526,564 over the previous year.
- Total Income for the year ended 30 June 2015 was \$6,531,796, higher than the original budget of \$5,645,000 and a decrease of \$1,161,554 over the previous year.
- Expenses for the year were \$5,822,685 compared to \$7,510,803 in 2013-14.
- Funds under Management increased from \$320.73M to \$360.86M.
- Wills drafted increased from 752 to 786, an increase of 2.75% over the target of 765.
- 100 Estates completed at a value of \$36,886,723 compared to 91 Estates at a value of \$41,312,721.72 for the previous year.
- Money held in Government Trust Funds was \$177.3M compared to \$164.3M in 2013-14.
- GreaterGood assets increased from \$13.27M to \$16.27M.
- 95% of customers surveyed stated that PTACT met or exceeded their expectations compared to 92% 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 2015, PTACT had funds under management of \$360.86M. Client moneys are generally invested through PTACT's common funds in accordance with the 'Prudent Person Investment Principle' established under the *Trustee Act 1925*. PTACT's investment strategy and risk profiles enable 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 \$150.4M in 2013-14 to \$168.57 in 2014-15.

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 2015, the interest rate was 2.10% (down from 2.55% at 30 June 2014) and the fund size was \$83.45M, up from \$77.7M 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 \$32.22M compared to \$26.65M at 30 June 2014.

International Equities Common Fund

An externally managed portfolio of non-Australian stocks. Funds under investment total \$14.61M compared to \$12.55M at 30 June 2014.

Australian Fixed Interest Common Fund

An externally managed portfolio of corporate and government bonds and floating rate notes. Funds under investment at 30 June 2015 were \$31.04M compared to \$24.12M at 30 June 2014.

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 2015 were \$7.25M compared to \$5.96M at 30 June 2014.

Comparative performance of the Australian Equities, Fixed Interest, Listed Property, International and Cash Common Funds over time.

(Figures reflect market conditions outside of the control of the Public Trustee)

Performance (ending 30/06/15)	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Inception
Australian Equities Common Fund	-6.79	1.37	8.95	15.22	9.84	6.72	6.61
Fixed Interest Common Fund	-2.09	-0.07	4.01	3.95	5.14	5.21	5.25
Listed Property Trusts Common Fund	-1.58	6.09	17.62	16.89	12.49	0.65	4.27
International Equities Common Fund	-0.26	4.56	9.97	18.56	15.64	N/A	7.73
Cash Common Fund	0.56	1.16	2.44	2.96	3.73	4.39	4.38

INVESTMENT STRATEGY

PTACT's Investment Strategy is guided by the Public Trustee Investment Board. An external asset/markets consultant, PricewaterhouseCoopers, prepares reports and recommendations to the Board, 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. During the year, the Board advised the Public Trustee, on the advice of PricewaterhouseCoopers, to change the fund management style for the Public Trustee Australian Equities Common Fund from active to passive management. The decision was made on the basis of risk and return. The investment strategy was last reviewed in 2011 and will be next reviewed in 2016.

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 8.52%.

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 6.92%.

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 6.10%.

Capital Stable Model Portfolio

Accounts requiring capital stability are invested through the Cash Common Fund, providing 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 2.44% during the year and closed at 2.10%.

Comparative performance of the Public Trustee's Risk Models.

Performance to Period 30/06/15	3 Months	6 Months	1 Year	3 Years	5 Years	10 Years	Inception
Capital Secure Risk Profile	0.56	1.16	2.44	2.96	3.73	4.39	4.38
Income Stable Risk Profile	-2.50	1.24	6.10	7.63	6.69	5.70	5.86
Balanced Risk Profile	-3.00	1.48	6.92	10.10	8.50	6.45	6.44
Growth Risk Profile	-3.40	2.16	8.52	12.68	9.92	6.73	6.69

The figures above represent the % increase or decrease return.

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. As previously mentioned, 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 net of fees.

Government funds held at 30 June 2015 amounted to \$177.3M compared to \$164.3M at 30 June 2014 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
- Uncollected Goods Trust Account.

Funds held in these accounts are invested 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.

These funds 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 \$165,360.67 into the CAT Fund during the reported year, compared with \$131,647.25 in 2013-14. 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.

Uncollected Goods

The *Uncollected Goods Act 1996* provides for the surrender of goods or proceeds of disposed goods that were lost or abandoned such as goods left at public baths, in public places and on unleased Territory land.

At 30 June 2015, PTACT held \$171,276.33 in the Uncollected Goods Trust account compared to \$130,205.35 at 30 June 2014, an increase of \$41,070.98 or 31.5%.

It is expected that a further \$525,000 will be moved across to the Uncollected Goods Trust Account on the completion of an audit of Confiscated Criminal Assets transactions together with ACT Policing.

PTACT expects that a number of current matters will be completed in the 2015-16 financial year which will result in a further \$500,000 being deposited into the account.

Unclaimed Money

At 30 June 2015, PTACT held \$26,108,516.51 in unclaimed money compared to \$23,061,624.26 at 30 June 2014.

During the reported year –

- 47 lodgements were received for a total of \$5,079,024.07 compared to 47 for the previous year.
- 3,927 claims for a total of \$1,266,396.46 were received and paid compared to 4,886 for a total of \$1,495,156.45 for the previous year.
- The average claim for 2014-15 was \$322.48 compared to \$306.00 for 2013-14.
- 693 individual fees were charged under the determined fee for a total of \$48,305.00 compared to 673 individual fees for a total of \$43,680.00 for 2013-14.

The number of claims received and the value of money paid out compared to the previous year is attributable to the transition of the database to a new web-based claims facility.

Income of \$358,770.56 from PTACT's investment of unclaimed moneys was transferred to the Territory on 30 June 2015.

Cemeteries and Crematoria Trusts

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 2015, a total of \$4.40M in deposits was held by the Public Trustee under the Act compared to \$3.43M at 30 June 2014.

Deposits to Perpetual Care Trust

Cemetery / Crematorium	Deposits to date (all) (\$)	Withdrawals to date (all) (\$)	Net Income to date (all) (\$)	Net Growth on Investments (\$)	Balance as at 30/06/2015 (\$)
Gungahlin Cemetery	2,383,639	2,383,069	18,805	[430]	18,945
Gungahlin Cemetery Reserve	1,015,208	35,213	40,441	60,757	1,081,193
Hall Cemetery	91,395	117,822	13,576	12,888	36

Cemetery / Crematorium	Deposits to date (all) (\$)	Withdrawals to date (all) (\$)	Net Income to date (all) (\$)	Net Growth on Investments (\$)	Balance as at 30/06/2015 (\$)
Hall Cemetery Reserve	157,730	6,365	3,763	(3,849)	51,280
Woden Cemetery	3,435,522	3,946,888	429,601	111,019	29,254
Woden Cemetery Reserve	1,968,980	11,523	77,575	130,993	2,066,025
Woden Mausoleum	443,523	220,746	14,373	-	237,151
Woden Mausoleum Reserve	726,198	99,060	33,790	57,956	718,885
Norwood Park	76,316	-	19,903	(1,163)	95,056

PRODUCTS AND SERVICES

Wills

786 Wills were completed during the year compared with 752 in the previous year. The variation resulted from a concerted effort to increase the number of Wills drafted through marketing and administrative arrangements from January 2015.

Estates

100 estates were finalised during the year with an estimated value of \$36,886,723.00 compared to 80 at \$29,530,309.47 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 393 compared to 396 for the previous year. The value of trusts under administration at 30 June 2015 was \$168.6M. This is entirely reflective of appointments made by the Supreme Court appointing the Public Trustee as default trustee for small trusts and appointments resulting from matters brought before the court resulting from a range of matters.

Enduring Powers of Attorney (EPA)

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 marginally decreased from 53 last year to 52 this year.

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 2015, the Public Trustee was appointed as financial manager for 509 persons compared with 501 persons at 30 June 2014.

Taxation Services

PTACT is a registered tax agent, has qualified personnel and provides specialist taxation services incidental to Estate, Trust and Individual Income Tax Return activities. PTACT lodged 1,523 income tax returns in 2014/2015 compared to 1,211 in 2013/2014. Income tax returns are lodged electronically through the Australian Taxation Office (ATO) portal.

Revenue from Taxation Services has again increased by 35% from \$128,000.00 to \$173,107.00. During 2014/2015 PTACT successfully submitted to the ATO that a number of its trust clients were no longer obliged to lodge an income tax return. As a result, either a simplified return or no return was lodged and no fee was charged. PTACT had therefore forgone approximately \$10,000.00 in taxation revenue in administering those trusts where the beneficiaries were minors or under a legal disability.

The number of tax returns lodged in the 2014-2015 financial year was higher due to an increase in the number of deceased estates that were finalised by PTACT, as well as previous year returns that were lodged for new management clients who had not lodged their tax returns for a number of years before they have commenced with PTACT.

Overall, the revenue increase is attributable to an increase in complex taxation matters being finalised, resulting from PTACT's application to the Australian Taxation Office for a Private Ruling in a number of returns as well as a higher increase in the number of tax returns that were prepared and lodged.

Property Services

PTACT completed 32 property settlements during 2014-15 compared to 21 in 2013-14. The total value of property conveyed was \$15,710,500.00 compared to \$10,967,000 in 2013-14. During the year PTACT had 128 properties under management and PTACT's Property Officer made 60 property visits. PTACT's property sales attract an average agent's commission of 1.91% using 16 different real estate firms. All real estate agents used are subject to PTACT's Code of Conduct for Service Providers. PTACT upgraded its method of engaging Service Providers during the financial year introducing a more comprehensive Declaration by Service Providers as well as a more rigorous check of background, registration, reputation and qualifications.

Historical Business Activity

Indicator	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Financial Management Orders	411	435	442	432	458	473	481	486	501	509
Active EPA	88	77	69	68	67	61	56	53	48	52
Deceased Estates Admin < \$100,000	62	55	35	37	37	38	40	36	33	38
Deceased Estates Admin > \$100,000	51	41	40	33	47	63	68	55	47	62
Examinations of accounts	276	261	243	318	370	440	425	445	488	491
Trusts under legal disability < \$100,000	491	452	442	417	399	374	368	348	340	337
Trusts under legal disability > \$100,000	33	31	34	30	39	50	49	53	56	56
Wills	626	644	691	724	730	653	704	743	752	786

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 - Figure higher however estates values lower. 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 and people are living longer.

The number of finalised deceased estates administered by PTACT of a value of less than, or more than, \$100,000 reflects those finalised estates that were either -

- carried over from the previous period/s and completed in the reported year; and
- commenced and completed in the reported year.

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, resulting from more effective marketing and improved procedures.

B.3 SCRUTINY

OMBUDSMAN

During the year, one approach was made to the ACT Ombudsman. The Ombudsman finalised the case under S.15 of the *Ombudsman Act 1989* deciding further investigation of the complaint was not warranted.

The table below indicates a steady drop in approaches to the Ombudsman from 17 in 2011-12 to 1 in 2014-15. PTACT worked closely with the ACT Ombudsman through Ombudsman forums attended by PTACT management and Ombudsman training presentations to PTACT staff.

The Ombudsman has found no administrative deficiency on the part of the Public Trustee in any of the matters reported in the past five years.

Comparative Table of Approaches to the ACT Ombudsman

2011-2012	2012-2013	2013-2014	2014-2015
17	8	5	1

The steady decline in the number of reports to the Ombudsman has resulted from a concerted effort by PTACT staff to take appropriate principles into account when making decisions including -

- recognising the key issues in decision-making;
- maintaining detailed and accurate records;
- adhering to PTACT policies, procedures and practices;
- observing appropriate timeframes for making decisions;
- observing the principles of natural justice; and
- communicating decisions in a respectful, accurate and meaningful manner.

ACT AUDITOR-GENERAL

New Audit Findings

No new audit findings were identified during the audit of financial statements of the Public Trustee for the ACT, Trust Account and Funds and review of Statement of Performance of the Public Trustee for the ACT at 30 June 2014.

Auditor-General Report - Audit Management Report for the year ended 30 June 2014		
Recommendation No and summary	Action	Status
<p>New Audit Findings -</p> <p>No new audit findings were identified during the audit of financial statements of the Public Trustee for the ACT, Trust Account and Funds and review of Statement of Performance of the Public Trustee for the ACT.</p>	No action required.	N/A
<p>Previously Reported findings -</p> <p>1. Accounting systems and work-papers - partially resolved.</p> <p>The systems and processes used by the Public Trustee to prepare the financial statements of the Trust Account continued to be prone to error due to the lack of an accounting system and use of manual processes to record transactions.</p>	PTACT has engaged Sarah Palic & Associates to address this and other issues raised by the Auditor-General.	Completed in time for 2014-15 financial statements
<p>2. Quality of the financial statements - not resolved.</p> <p>In 2013-14, the Audit Office found errors, omissions and internal inconsistencies in the certified financial statements of the Public Trustee for the ACT and Trust Account submitted for audit. Furthermore, information about irregularities detected in trust funds was not adequately disclosed in the certified financial statements submitted for audit.</p> <p>A provision to compensate trust clients for these irregularities was not recorded in the financial statements submitted for audit as required by Australian Accounting Standard AASB 137: 'Provisions, Contingent Liabilities and Contingent Assets'. The financial statements were amended to record this liability.</p> <p>These errors indicate that the:</p> <ul style="list-style-type: none"> → planning processes implemented by the Public Trustee for preparing its financial statements are inadequate; and → Public Trustee does not have the required skills and resources to prepare financial statements in accordance with the Australian Accounting Standards. 	Once again, PTACT has engaged Sarah Palic & Associates to guide the preparation of financial statements for 2014-15 and outyears.	Completed in time for 2014-15 financial statements

Auditor-General Report - Audit Management Report for the year ended 30 June 2014		
Recommendation No and summary	Action	Status
<p>3. Management discussion and analysis - not resolved.</p> <p>The explanations of variances of actual results to budget and prior year results included in the management discussion and analysis of the financial results reported in the financial statements of the Public Trustee for the ACT were not improved in 2013-14.</p> <p>In particular, explanations:</p> <ul style="list-style-type: none"> → did not clearly differentiate between variances from budgeted results and variances from the prior year results; and → were often insufficient or inadequate to be readily understood by external users. These explanations should be improved to provide readers of the management discussion and analysis, particularly those external to the Public Trustee, with better understanding of its financial results. 	<p>Once again, PTACT has engaged Sarah Palic & Associates to guide the preparation of financial statements for 2014-15 and outyears. As part of that contract SPA will identify a software product that will enable it to better explain the derivation of financial results.</p>	<p>Completed in time for 2014-15 financial statements</p>

LEGISLATIVE ASSEMBLY COMMITTEES

Budget Estimates Committee

No questions on Notice.

Standing Committee on Justice and Community Safety - Inquiry into 2013-14 Annual Reports

No questions on Notice.

B.4 RISK MANAGEMENT

PROCESS FOR DEVELOPING RISK MANAGEMENT PLAN

PTACT established its Fraud, Corruption and Risk Management Strategy (the strategy) in 2010 in consultation with the Public Trustee Investment Board. The strategy has matured following consultation with KPMG Forensic during 2014-15 as well as PTACT's attendance at Risk Register training on 22 October 2014 and on 4 March 2015. The Public Trustee also attended an Independent Commission Against Corruption (ICAC) Fraud and Risk Workshop in Sydney from 25-26 March 2015.

The strategy was re-formatted and re-structured during the reported year so as to reflect key risks and to rationalise issues that have similar risk mitigation strategies.

PTACT staff and management have attended fraud and ethics training provided by JACS as well as by KPMG.

Approach to identifying areas of Significant Operational or Financial Risk

The 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 and addresses operational, tactical and strategic risk.

PTACT's major risks have been identified as part of the Justice and Community Safety Directorate Risk Management Plan.

PTACT has collaborated with other Australian Public Trustees in the identification and treatment of risk.

All PTACT staff are required to note and sign the PTACT Staff Code of Conduct.

The recommendations made by KPMG in a report following a review of controls in the Financial Management Services Unit have been substantially implemented.

Arrangements in place to manage and monitor risks

PTACT's Internal Audit Committee conducts rolling audits and checks of risks identified in the Register.

PTACT's Internal Audit Officer undertakes data analytics for fraud detection. The data analytics also detect business trends and analyse staff performance.

PTACT acquired TACTICS in the 2012-13 financial year. TACTICS is a module developed for the TACT trust accounting system. It involved installation of a driver on staff workstations that allows for programs like Word and Excel to connect directly to the underlying tables of the TACT database. This then allows the development of excel templates for almost any business need, provided the information has been entered in TACT.

Following the detection of financial irregularities in January 2014, TACTICS allowed PTACT to identify within a few days, over 95% of the irregularities. The approach used in data analysis is to look for data that is skewed from what would be normal expected behaviour.

TACTICS has assisted in a variety of other matters such as -

- Tax File Number compliance;
- monitoring volumes of maturing trusts;
- creating branded and modern transactional statements for clients;
- easy to use templates for staff, e.g. debit balances report, client listing, etc; and
- preparation of end-of-year financial statements.

The process for identifying and responding to emerging risk

PTACT's Management Committee is the main internal forum for identifying, recording and addressing emerging risk. State/Territory Public Trustees meet every six months and exchange information about risk and risk mitigation. An example during the year was the development of a more rigorous receipting system for estate assets that emulates the Public Trustee Queensland system. This serves both as a deterrent to the fraudulent handling of assets and also protects PTACT and its staff in the event that estate assets cannot be reconciled.

B.5 INTERNAL AUDIT

INTERNAL AUDIT ARRANGEMENTS

The 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.

Audit Committee charter and operations

PTACT's Internal Audit Charter was revised and accepted at the Audit Committee's meeting of 6 March 2015. The revised charter amended issues including responsible persons, composition of the committee and tenure, responsibilities, reporting and administrative arrangements.

Links with risk review processes

The Committee addresses issues identified in PTACT's Fraud, Corruption and Risk Mitigation Strategy (Risk Register).

Membership of the internal Audit Committee

The following persons were represented on the Audit Committee during the reported year -

PTACT's Internal Audit Committee's membership, meetings and attendance

Member	Position	Duration	Attended
Ms Corinne Appleby	Independent Member	Apptd 2011 Exp. 2015	4
Mr Roger Broughton	Independent member	Apptd 2015	2
Callum Hughes	Chair	Apptd 2010	4
David Stenhouse	Member	Apptd 2010	3
Kathryn Toy	Member	Apptd 2012	1
Adam Bownds	Member (WHS)	Apptd 2012	2

Member	Position	Duration	Attended
Stefan Dzwonnik	Member	Apptd 2015	1
Yumiko Everton	Member	Apptd 2015	1
Jodie Petersen	Member	Apptd 2014	3
Peta Duggan	Member	Apptd 2014	1
Joanne Thompson	Observer	Apptd 2010	2
Andrew Taylor	Observer	Apptd 2010	4
Cindy Elsheikh	Members	Apptd 2014	2
Stephen Kellett	Member	Apptd 2014	1
Jenny Woolrych	Secretary/Minutes	Apptd 2012	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 Principle" 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.

In compliance with the principle, PTACT ensures that investments are made in accordance with an appropriate risk profile. This involves an analysis of the circumstances and acceptable risk tolerance of each investment client. A review of individual 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 asset/markets consultant PricewaterhouseCoopers.

B.6 FRAUD PREVENTION

RISK ASSESSMENTS CONDUCTED

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) was 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.

As previously mentioned, PTACT ensures that investments are made in accordance with an appropriate risk profile. This involves an analysis of the circumstances and acceptable risk tolerance of each investment client. A review of individual client risk profiles is conducted annually.

FRAUD CONTROL PLANS PREPARED/REVISED

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.

PTACT engaged KPMG in January 2014 to undertake a review of PTACT's controls in the Financial Management Unit. The recommendations contained in KPMG's report dated 11 September 2014 have been substantially implemented.

OTHER FRAUD PREVENTION STRATEGIES ADOPTED

PTACT has established Codes of Conduct for its staff as well as for external 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.

The Service Provider Code of Conduct for external service providers were comprehensively reviewed as part of the recommendations made by KPMG Forensic at the conclusion of its Controls Review.

A summary of Controls changed during the reported year is as follows -

- Trust accounting system upgraded to TACT v 7.3
- Register of service providers reviewed and upgraded
- Knowledge base implemented
- Gifts and inducements register reviewed

- Register of client financial cards implemented
- Receipt Book for chain of custody designed and implemented
- Property Officer recruited from private sector
- Code of conduct for all staff upgraded and signed
- Risk register/strategy reviewed and amended
- Rotation of clients between PTACT Trust Officers
- Audit of client files on regular basis
- Newsletters prepared
- Unclaimed money online claims system developed
- Internal audit committee reformed with Independent Chair appointed
- Staff changes at Management and Trust Officer level.

FRAUD AWARENESS TRAINING

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

FRAUD DETECTION STRATEGIES

In January 2014, PTACT identified irregularities in client financial accounts maintained in its capacity as attorney and financial manager.

- KPMG-Forensic was engaged to investigate the alleged fraud and controls generally and to conduct the disciplinary investigation.
- Two officers, since terminated, were identified and their criminal assets restrained.
- Investigations including ACT Policing in concert with the Director of Public Prosecutions are continuing and are expected to be completed by 30 June 2015.
- Losses amounting to \$1,736,061.98M in respect to some 87 client accounts were identified and compensated to client accounts by 30 June 2015. All clients have been fully reimbursed together with interest as well as a component for compensation where investment would have been required as follows -

- Capital	\$1,468,577.32
- Interest	\$137,378.74
- Prospective capital gains	\$62,669.35
- Additional C/F income	\$67,436.57
- PTACT's fraud/corruption mitigation strategy has been reviewed to incorporate KPMG's recommendations.
- TACTICS software is now being used to trawl PTACT databases for pre-determined indicators.

B.7 WORK HEALTH AND SAFETY

WORK HEALTH AND SAFETY ACT 2011

PTACT's Workplace Health & Safety and Injury Management Strategies are part of its risk management framework. The JACS Annual Report 2014-2015 incorporates PTACT's statistics in respect to S.171 & 172 of the *Work Health and Safety Act 2011*.

PROGRAMS INITIATED/IMPLEMENTED TO IMPROVE RETURN TO WORK PERFORMANCE

PTACT does not have any employees on long term sick leave.

Under PTACT's Workplace Health & Safety and Injury Management Strategies, the following initiatives were undertaken in 2014-15 in the interests of creating a safe workplace –

- 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 several PTACT staff
- First Aid Kits for office and vehicles inspected and replenished as required
- Anti-smoking publicity material - no Public Trustee staff have an at-work smoking habit
- 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
- Three reimbursements made for staff eye-testing and 6 claims for reimbursement of health and well-being initiatives.

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	2	0	0	2

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 2014-15 was 2.09% (including deficit levy) representing a marginal decrease from 2.38% for the previous period.

Prior to the devolution of the 2014-15 workers' compensation premium in July 2014, the Chief Minister, Treasury and Economic Development Directorate (CMTEDD) engaged contract actuaries to assist in modifying the devolution model. For 2015-16, CMTEDD intends to group small entities in a way which will provide a buffer in the event that any of those entities has incurred any claims, or does so in future. To this end, a new Tier one entity will be created, grouping the Public Trustee with the following Tier 2 entities -

- Legal Aid;
- ACT Auditor-General's Office; and
- Independent Competition and Regulatory Commission,

all of which have very similar workers' compensation premium rates and similar risk profiles. CMTEDD does not expect any significant change to PTACT's premium as a result.

NATURE OF IMPROVEMENT, PROHIBITION, OR NON-DISTURBANCE NOTICE UNDER PART 10

Nil to report.

COMPLIANCE WITH IMPROVEMENT, PROHIBITION OR NON-DISTURBANCE NOTICE UNDER PART 10

Nil to report.

NATURE AND BRIEF DESCRIPTION OF ANY ENFORCEABLE UNDERTAKING UNDER PART 11

Nil to report.

FINDINGS OF A FAILURE TO COMPLY WITH A SAFETY DUTY UNDER PART 2 DIVISION 2.2, 2.3 OR 2.4

Nil to report.

INSTANCES OF A FAILURE TO ADDRESS ANY FINDING OF FAILING TO COMPLY WITH A SAFETY DUTY

Nil to report.

WORKER CONSULTATION ARRANGEMENTS

Nil to report.

NUMBER OF ELECTED HEALTH AND SAFETY REPRESENTATIVES

PTACT has two Workplace Health and Safety representatives.

SERIOUS INJURY OR ILLNESS AND DANGEROUS INCIDENTS THAT REQUIRED NOTIFICATION TO THE REGULATOR IN ACCORDANCE WITH PART 3 SECTION 38 OF THE *WORK HEALTH AND SAFETY ACT 2011*

Nil to report.

B.8 HUMAN RESOURCE MANAGEMENT

PTACT's has a strong ethos of continuous improvement through learning and development. PTACT operates in a dynamic and ever-changing environment and it is vital to stay abreast of changes to laws and best practice.

PTACT's Business Plan for 2014-15 has "Staffing and Capabilities" as a Key Result Area.

Strategic Priorities during the reported year were as follows -

- Continuously identify training and development needs for all Public Trustee staff through the completion of Personal Achievement and Development Plans.
- Add the PTACT Workplace Health and Safety Officer to the membership of the PTACT Audit Committee.
- Ensure that PTACT's management and staff are appropriately trained in respect to Aboriginal and Torres Strait Islander issues.
- Continue to provide Workplace, Health and Safety training to all PTACT staff and to develop PTACT's Hazardous Chemicals Substance Register.
- Promote and engender the principles of Respect, Equity and Diversity (RED) amongst PTACT's staff and client groups.
- Develop mechanisms to attract and retain skilled and capable staff.
- Continually review staffing structure including staff numbers, work volumes and classification levels.
- Identify critical positions and potential feeder group for succession-planning purposes for longer-term renewal of core skills and capabilities.

- Identify skills, knowledge and qualification requirements to support business plan objectives and build capability within the feeder group.
- Develop a constructive organisational culture to support and motivate staff to fulfil their potential.
- Build capability and performance.
- Enhance knowledge-sharing through ongoing enhancement of Cash Management, Practice and Induction Manuals, on-the-job training and coaching.
- Strengthen qualifications and links with industry and professional associations.
- Provide targeted, industry-based training and support for all staff.
- Continue to provide industry relevant training through partnership with University of Western Sydney.

LEARNING AND DEVELOPMENT DELIVERED IN KEY RESULT AREAS

PTACT's succession plan over the past several years identified a number of opportunities at Senior Management level resulting from imminent retirement of long-standing experienced staff. Training has concentrated upon developing future leaders through courses offered by Yellow Edge, complying with ACT Government identified needs.

Several officers at PTACT are undertaking tertiary study on study assistance programs under which PTACT credits 51% of fees upon successful completion of study.

Adam Bownds, a Trust Officer with PTACT's Wills, Estates and Trusts Unit received the CIT's Institute Medal for the top business student for 2015.



PTACT's Adam Bownds receiving the Canberra CIT's Institute Medal from CIT Chief Executive, Leanne Cover.

ENHANCING SKILL AND CAPABILITIES

PTACT is a learning organisation and provides excellent opportunities for its staff to access contemporary industry training. PTACT has 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.

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.

APPRENTICESHIPS AND TRAINEESHIPS

Not applicable.

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 what is available to all JACS staff.

PTACT’s staff 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 PTACT’s 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 \$50,000 was spent towards staff training. In addition the JACS Directorate provided training valued at approximately \$20,000.

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.

Learning and Development opportunities provided to PTACT staff.

Course	Participants
Ombudsman Training	13
E-Induction	17
Maurice Blackburn Insurance Training	14
Chameleon Users Group	2
I Pad Training	10
Tax Training	13
Access 2007/2010 Programming VBA	1
Access 2007/2010 Advanced	1
Inductions – JACS	7
Seminars & Training to Public /Volunteer Groups	14
Managing Workplace Bullying & Harassment	8
Mental Health Awareness	19
Recruitment & Staff Selection	10
Managing Psychological Illness	3
Fraud & Ethics Awareness	7
Writing for Government	2
Advanced Diploma Human Resources	1
Cert IV Legal services	1
Personal Achievement and Development Planning training session	30
Privacy Law	11
Authorised Persons Register	1
Minute Taking Skills	1
Living Healthy Life	1
10 CPD Points Seminar for Lawyers	1

Course	Participants
Family Provision Claims	4
Certificate IV in Government (Project Management) Program	1
Aboriginal & Torres St Islander Awareness Training	4
Work Health & Safety Training	2
Stakeholders Engagement	1
Trim Training	1
Leadership Development Program	1
Promote Team Effectiveness	1
Leading & Managing Change	1
Triple Bottom Line Training	1
Leadership in Times of Crisis	1
Emergency Response Procedures	2
Certificate IV in Financial Services (Personal Trust Administration)	4
- Administer a Complex Trust	1
- Administer a complex estate	1
- Administer a non complex estate	1
- Establish Powers of Attorney	1
- Establish entitlements to an Intestate estate	2
- Will Preparation	2

PTACT's SEA, AWA & ARIN arrangements -

ARINs				
Number of ARINs as at 30 June 2013	1	Nil	Nil	1
Number of ARINs entered into during period	1	Nil	Nil	1
Number of ARINs terminated during period	Nil	Nil	Nil	Nil
The number of ARINs providing for privately plated vehicles as at 30 June 2012	Nil	Nil	Nil	Nil
Number of ARINs for employees who have transferred from SEAs during period	1	Nil	Nil	1
Number of ARINs as at 30 June 2013	Nil	Nil	Nil	Nil
Number of ARINs terminated/lapsed (including formal termination and those that have lapsed due to staff departures)	Nil	Nil	Nil	Nil

B.9 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 22 July 2015

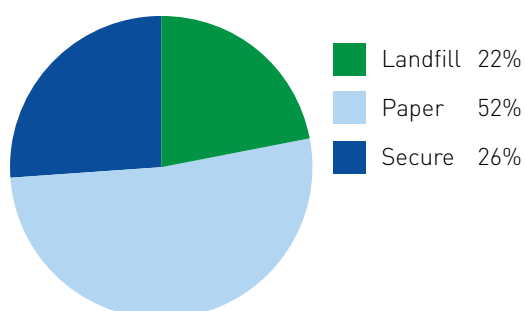
Joined Program: 05-Jul-2010

Accredited: 06-Aug-2014

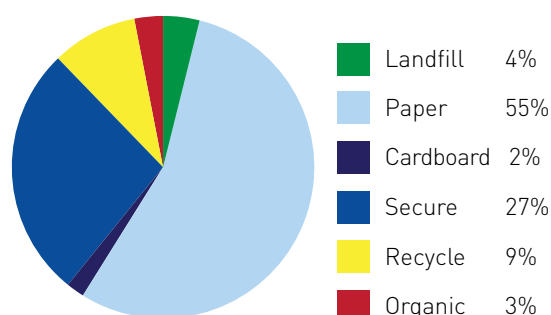
Audits Completed: 5

First Audit: 21-Jul-2011					Latest Audit: 20-Jul-2015				
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	49.9	5	0	12.5
Cardboard	0	0	0	0	Cardboard	1.4	0.1	0	0.4
Secure	6.2	0.6	0	1.6	Secure	25	2.5	0	6.2
Recycle	0	0	0	0	Recycle	7.8	0.5	0	0.6
Organic	0	0	0	0	Organic	3.1	1.1	0	1.7

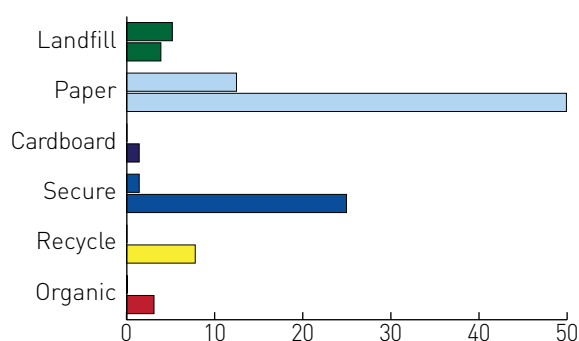
Initial Audit Composition



Latest Audit Composition



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



Stream	Initial M3	Latest M3	% Change
Landfill	5.2	3.9	25% Decrease
Paper	12.48	49.92	300% Increase
Cardboard		1.44	Increase
Secure	6.24	24.96	300% Increase
Recycle		7.8	Increase
Organic		3.12	Increase

C FINANCIAL MANAGEMENT REPORTING



C.1. FINANCIAL MANAGEMENT ANALYSIS

GENERAL OVERVIEW

The following material is extracted from the Public Trustee's Management Discussion and Analysis (MDA) for the year ended 30 June 2015.

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 Visitor's 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. During the year, under the guidance of PTACT's Audit Committee, the Strategy was revised down to a manageable document grouping issues with similar risk treatments. The recommendations made by KPMG in its review of controls in the Financial Management Services Unit have now been substantially implemented. The major change involved an upgrade to 'TACT', PTACT's Trust Accounting System which is in the final stages of implementation.

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 has also been successful in attracting new trust clients providing long term sustainability. The Capital Region Community Foundation, known as GreaterGood now has a corpus of approx. \$16.2M which, in time, will provide long term sustainability to both charity and PTACT alike.
- PTACT must identify and acquire contemporary systems to address emerging business needs and workloads. The unclaimed money project including an online claims facility is now at the testing stage prior to implementation. The TACT upgrade to v7.3 will introduce a new level of security and will enhance office efficiency. PTACT has sourced a second tier accounting consultant as a means of addressing issues related to preparation of end of year financials.
- PTACT has responded to a current review of guardianship laws in the Territory under the auspices of the ACT Law Reform Committee, identifying a number of risks associated with Enduring Powers of Attorney, the concept of supported decision-making and continuing high workloads in the provision of financial management services under order of the ACT Civil and Administrative Tribunal (ACAT). These services are commercially unsustainable and regarded as Community Service Obligations, for which limited funding is provided.

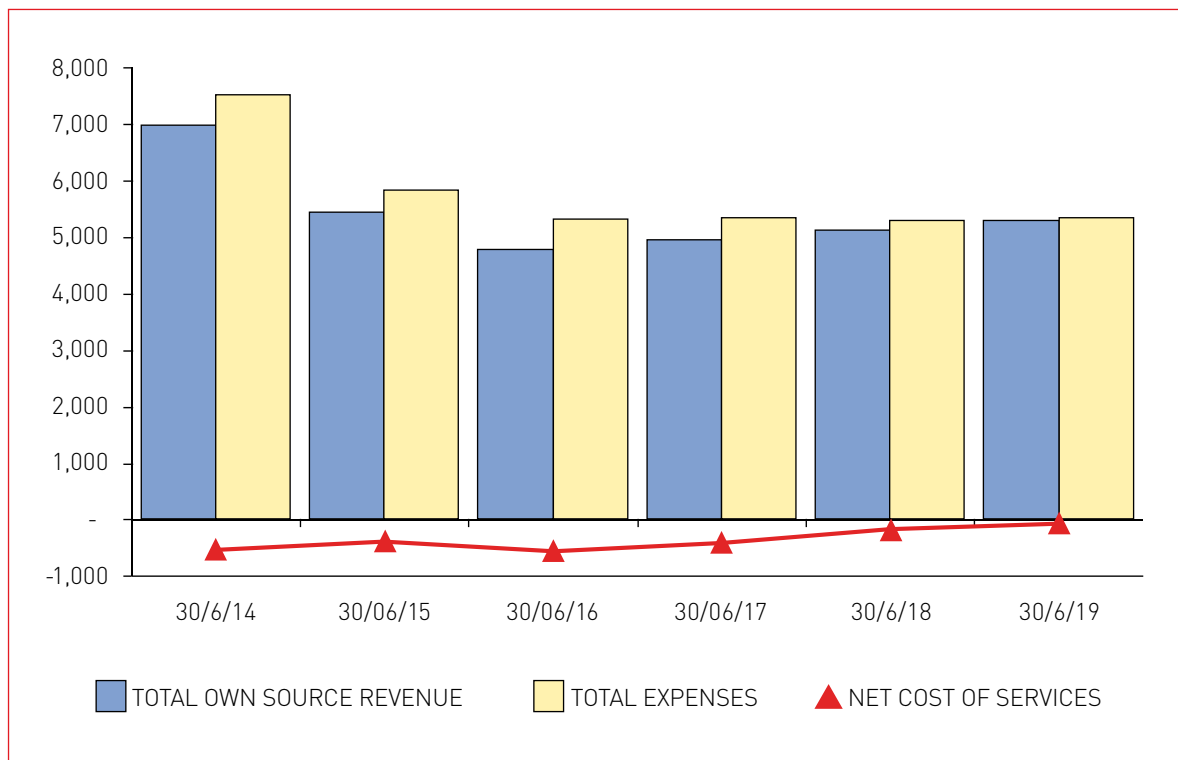
FINANCIAL PERFORMANCE

The following financial information is based upon the audited actual figures for 2014-15, the audited Financial Statements for 2013-14 and 2014-15 budget estimates contained in the 2014-15 Budget Paper Number 4 and the Statement of Intent.

Operating Result

The operating surplus for the period ending 30 June 2015 is \$709,111. The result is higher than the budget estimate of \$269,000 for the same period, and an increase of \$526,564 over the previous year for the same period.

Figure 1 - Operating Result



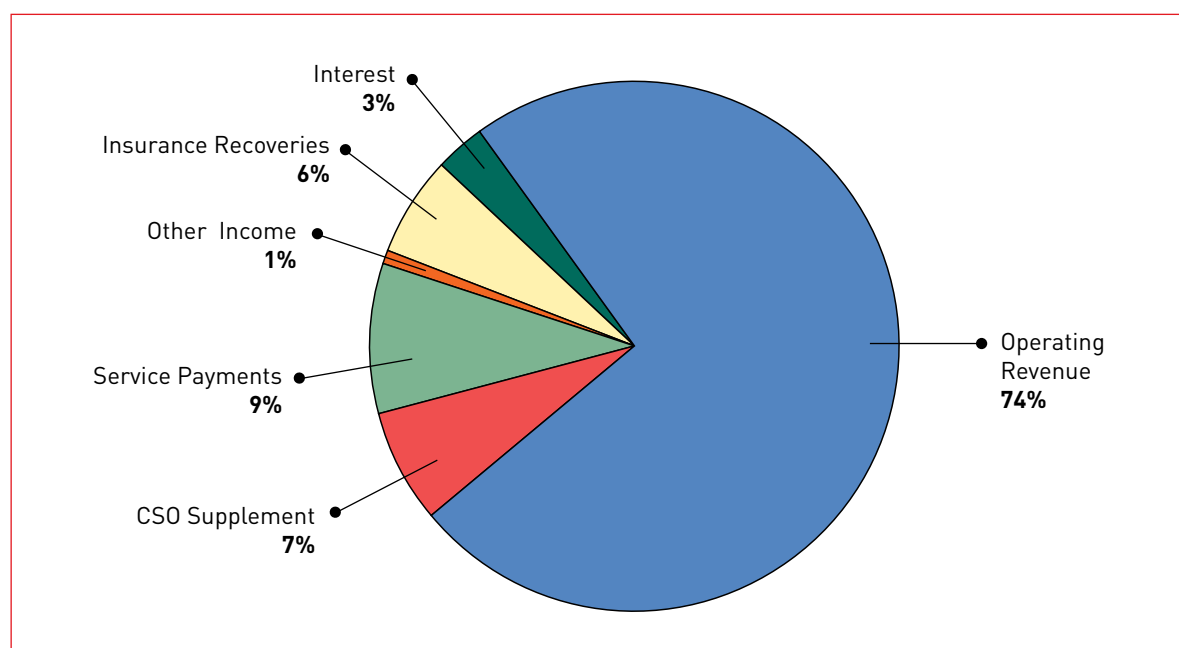
The above chart reflects audited actual figures for 2013-14 and 2014-15 and estimated outcomes as shown in the 2014-15 Statement of Intent.

An operating surplus has occurred. The surplus is higher than anticipated. This was due to higher revenue resulting from an overall increase in fees received together with a successful claim on our fidelity insurance policy.

Expenses were also lower than expected (net of costs of the Investigation into Client Irregularities) due to lower than anticipated costs relating to the administration of the Official Visitors Scheme.

Total Revenue

Figure 2 - Components of Revenue 2014-15



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

Total revenue for the period ending 30 June 2015 was \$6,531,796. This is \$886,796 higher than the 2014-15 budget estimate of \$5,645,000 and a decrease of \$1,161,554 compared to the same period in the 2013-14 year.

The higher income, compared to budget is due to:

- Management fees are a percentage based on the value of Common Funds, Superannuation, Cash Balances and Unclaimed Money's received at period end (monthly, quarterly or yearly – dependent on the Public Trustee's fee determination). Additional management fees has occurred from higher values of invested funds and additional funds invested;
- Higher commission received is due to higher than anticipated estate related commission charged as a result of higher than anticipated value of estates being finalised;
- Insurance Recovery income has occurred due to a successful claim on our fidelity policy with the Australian Capital Territory Insurance Authority as a result of irregularities found in client accounts. The higher income has been completely offset by higher expenses.
- A gain made from the de-recognition of the finance lease of an office motor vehicle; and
- Lower income commission has occurred as a result of lower interest rates on offer in the Cash Common Fund and with funds invested on behalf of ACT Government

agencies with investments in the Justice and Community Safety Trust Investment account. Income commission is percentage based and is reliant on returns received on various types of income received by clients and ACT Government agencies 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 increases.

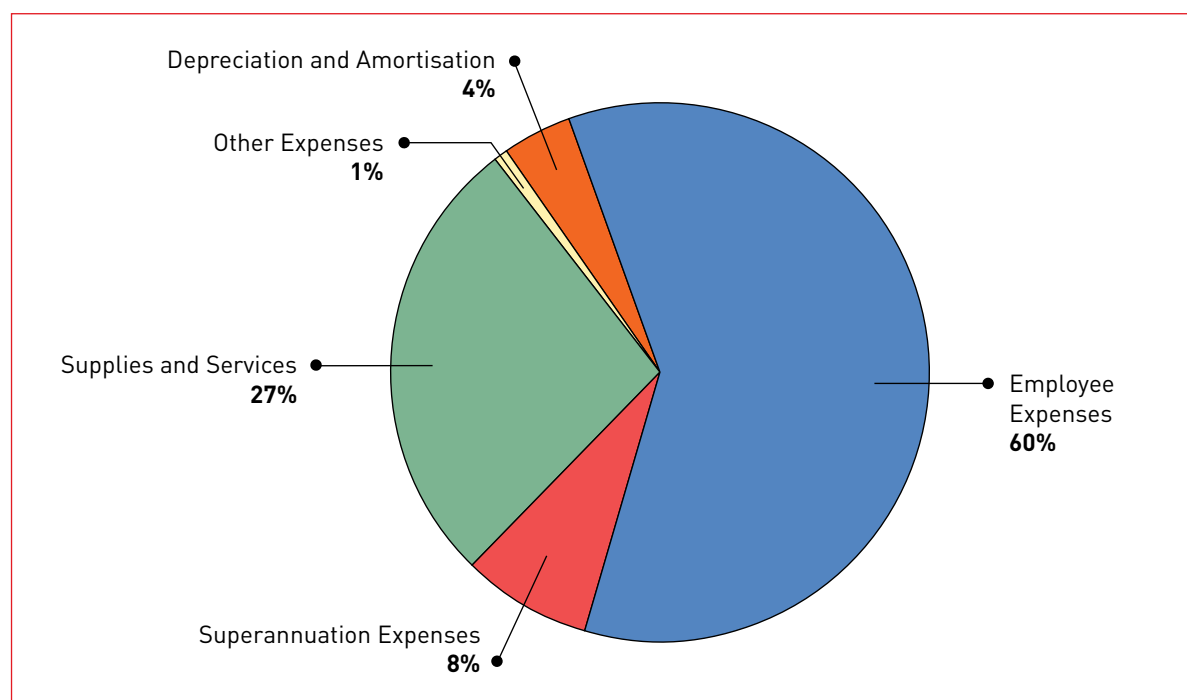
The decrease in income, partially offset by an increase in Management fees, compared to the prior year is due to:

- the decrease in insurance recoveries has occurred due to the finalisation of the investigation into irregularities found in client accounts.
- the decrease in income commission has occurred as a result of a decrease in interest rates received.
- Management fees are a percentage based on the value of Common Funds, Superannuation, Cash Balances and Unclaimed Money's at period end (monthly, quarterly or yearly – dependent on the Public Trustee's fee determination). Additional management fees has occurred from higher values of invested funds and additional funds invested; and
- There was also a gain made from the de-recognition of the finance lease of an 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 2014-15



Total expenses for the period ending 30 June 2015 were \$5,822,685 of which \$3,987,972 or 68% were employee-related (including superannuation). Total expenses are \$446,685 higher than the 2014-15 budget estimate of \$5,376,000 for the corresponding period. By comparison, actual expenses for the previous year were \$7,510,803 for the same period.

Employee and superannuation expenses were higher compared to the 2014-15 budget due to:

- higher annual leave expenses as a result of higher than anticipated employee benefits provision due to less staff taking annual leave;
- higher staffing numbers to cope with the increase in general business; and
- higher wages as a result of a new enterprise agreement.

Supplies and services were higher compared to the 2014-15 budget due to:

- costs associated with the review of client accounts as a result of irregularities found. These costs were not originally budgeted for.

Other Expenses were higher compared to the 2014-15 budget due to:

- The transfer of the office motor vehicle from a Finance Lease to an Operating Lease other expenses were incurred. This expense was not anticipated when the Original budget was developed.

In comparison to the previous period, the decrease in employee and superannuation expenses, occurred due to:

- a decrease in wages and salaries as a result of new staff commencing employment with PTACT on lower pay rates;
- a decrease in termination payments due to lower benefits paid out to retiring, transferring and terminating staff;

The above decrease in employee and superannuation expenses was partially offset by:

- an increase in annual leave expenses as a result of an increase in the employee benefits provision due to less staff taking annual leave;
- 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.

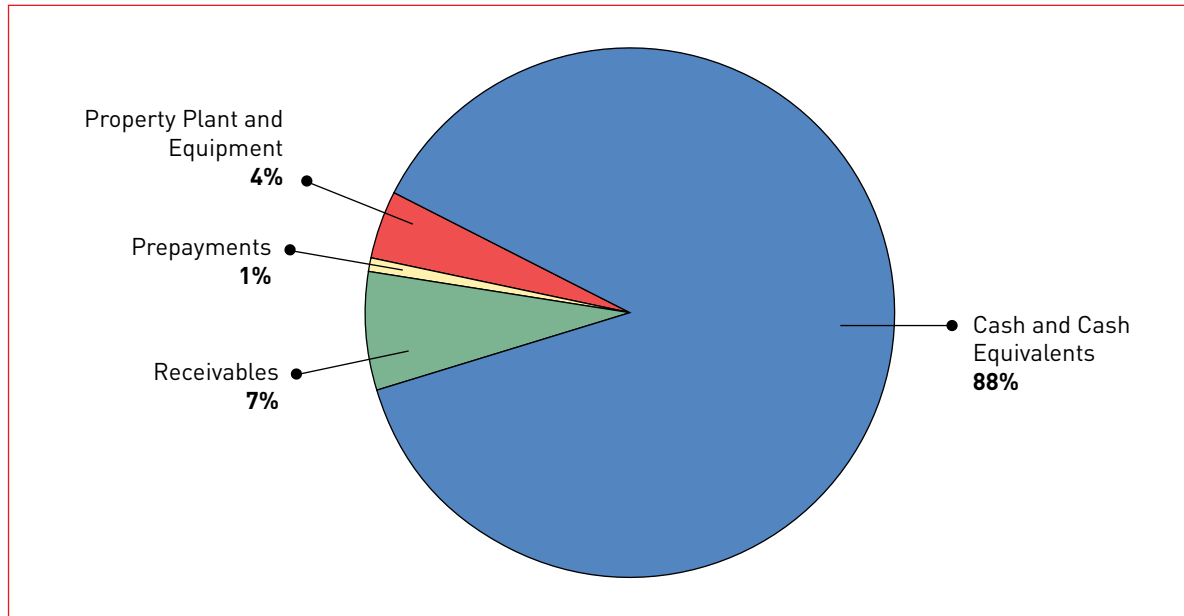
In comparison to the previous period, the decrease in supplies and service expenses occurred due to:

- The winding up of the investigation into irregularities in client accounts and the related cost of compensation of trust clients.

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 2015



PTACT reported a total asset base of \$7,067,686 of which \$5,450,000 is invested in term deposits with various financial institutions and \$793,211 is held in demand deposit cash accounts for ongoing expenses. The balance of assets, \$824,475 is made up of receivables of \$507,181, prepayments of \$38,367 and plant and equipment of \$278,927. Total assets are \$1,093,886 higher than the budget estimate of \$5,974,000 and \$798,302 lower compared to the same period in the 2013-14 year.

The higher amount of assets compared to budget is attributable to:

- higher Cash and Cash Equivalents as a result of an overall increase in fees received;
- higher Receivables as a result of the remaining insurance claims to be received from the ACT Insurance Authority after the completion of the investigation into irregularities in client accounts;
- higher value of plant and equipment as a result of a revaluation performed at 30 June 2014 not anticipated in the budget; and
- higher prepayments due to higher than anticipated number of invoices paid in advance for the 2015-16 financial year.

In comparison to the previous period, the decrease in assets occurred due to:

- an increase in Cash and Cash Equivalents as a result of an overall increase in fees received;

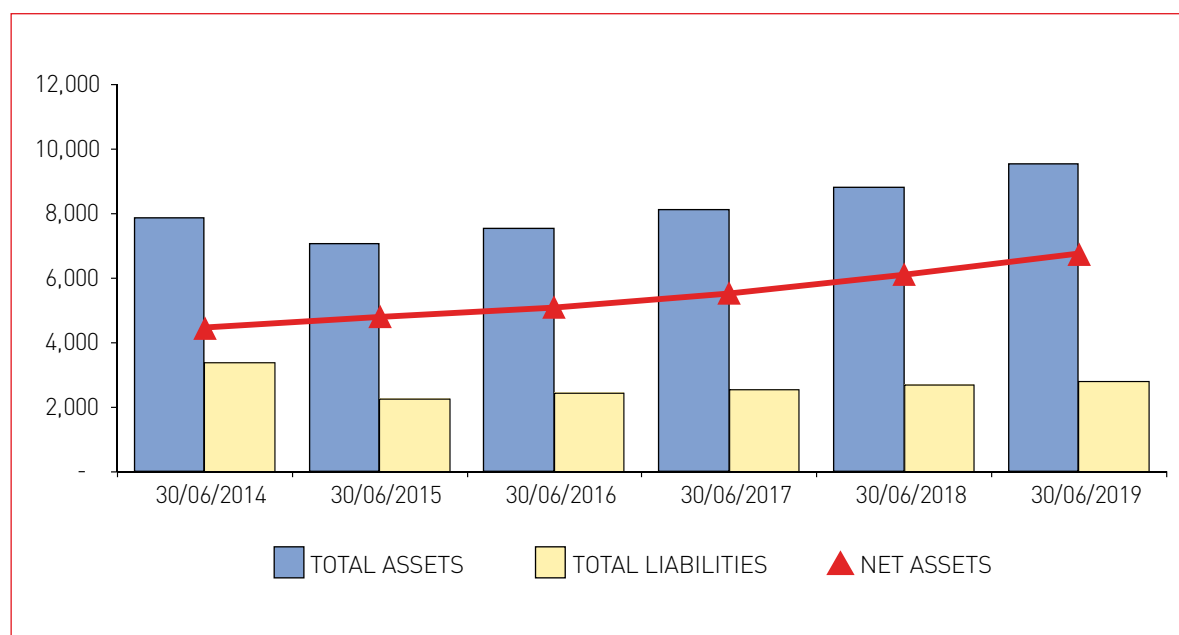
- a decrease in Receivables as a result of the finalisation of the investigation into irregularities in client accounts.;
- an increase in the value of plant and equipment as a result of asset purchases during the year;
- an increase in prepayments due to an increase in the number of invoices relating to the following financial year compared to the prior 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 2014, actuals as at 30 June 2015 and estimated outcomes as shown the Statement of Intent for 2014-15.

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.

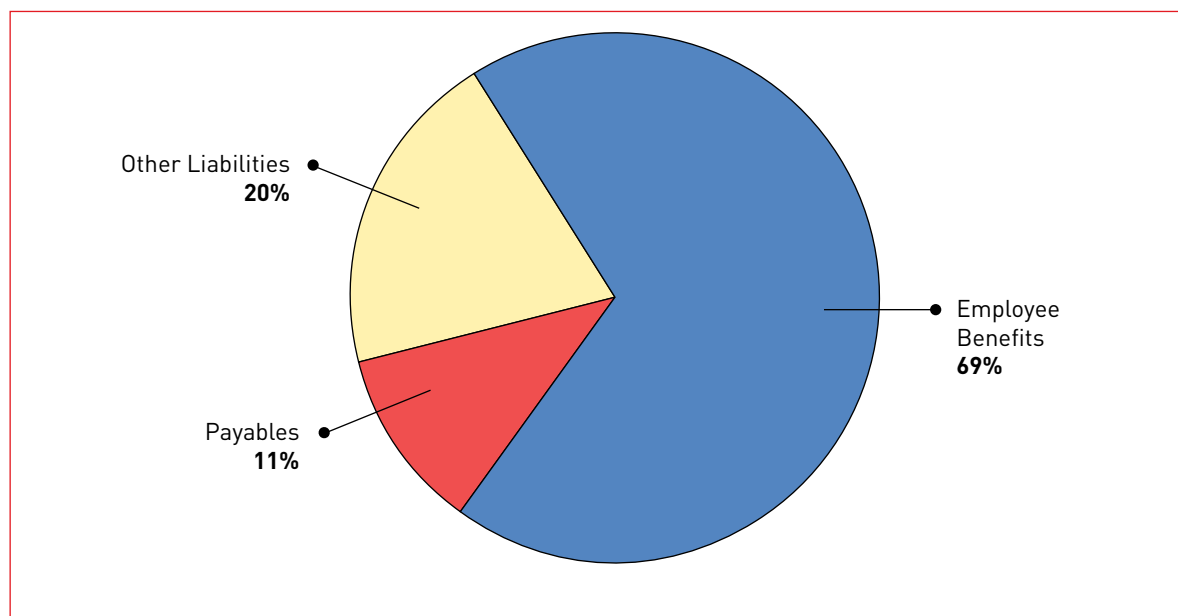
Table 13 - Current Ratio

	Prior Year Actual \$'000 2014	Current Year Actual \$'000 2015	Current Year Budget \$'000 2015	Forward Year Budget \$'000 2016	Forward Year Budget \$'000 2017	Forward Year Budget \$'000 2018	Forward Year Budget \$'000 2019
Total Current Assets	7 866	6 785	5 757	7 378	8 076	8 799	9 533
Total Current Liabilities	3 188	2 050	1 368	2 193	2 561	2 708	2 799
Net Current Assets	4 678	4 735	4 389	5 185	5 515	6 091	6 734
Current Ratio	2.47:1	3.31:1	4.21:1	3.36:1	3.15:1	3.25:1	3.41:1

PTACT's current ratio as at 30 June 2015 is 3.31 to 1, lower than the budgeted current ratio at 30 June 2015 of 4.21 to 1. This is due to the higher than anticipated balance of Cash and Cash Equivalents as well as an overall increase in Current Liabilities at 30 June 2015. 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 2015 were \$2,246,608. This balance is \$617,608 higher than the 2014-15 budgeted figure of \$1,629,000 and lower than the actual balance as at 30 June 2014 by \$1,152,856.

Figure 6 - Components of Liabilities at 30 June 2015

The main fluctuation in liabilities, compared to the 2014-15 budget is:

- higher employee benefits as a result of an increase in staffing levels, benefits accrued and salaries;
- lower Current Other Liabilities resulting from no further requirement for a provision to be allocated to the Compensation of Trust Clients as a result of the investigation being finalised; and
- lower payables is attributable to accounts being paid upon receipt.

In comparison to the previous period, the fluctuation in liabilities occurred due to:

- a decrease in employee benefits as a result of staffing changes. New employees commencing with PTACT having lower benefits accrued in comparison to long term staff that have retired;
- an decrease in Current Other Liabilities resulting from the finalisation of the investigation into Trust client irregularities;
- a decrease in payables is attributable to accounts being paid upon receipt; and
- an increase in Non-Current Liabilities as a result of the unwinding of the discount of the Provision for Make Good.

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.

Financial Assets to Total Liabilities Ratio

	Prior Year Actual \$'000 2013-14	Current Year Actual \$'000 2014-15	Current Year Budget \$'000 2014-15	Forward Year Budget \$'000 2015-16	Forward Year Budget \$'000 2016-17	Forward Year Budget \$'000 2017-18	Forward Year Budget \$'000 2018-19
Total Financial Assets	7 301	6 750	5 727	7 343	8 040	8 762	9 495
Total Liabilities	3 399	2 247	1 629	2 442	2 561	2 708	2 799
Net Assets	3 902	4 503	4 098	4 901	5 479	6 054	6 696
Financial Assets to Liabilities Ratio	2.15:1	3.00:1	3.52:1	3.01:1	3.14:1	3.24:1	3.39:1

The ratio at 30 June 2015 as indicated in Table 14 is **3.02 to 1**. The ratio of **3.02 to 1** is an increase from **2.17 to 1** at 30 June 2014. 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.

PTACT Historical Financial Performance (10 year period)

	2005-06	2006-07	2007-08	2008-09	2009-10
APPROP.	\$605,000	\$613,000	\$631,000	\$643,000	\$655,000
REVENUE	\$3,212,571	\$4,030,681	\$3,980,105	\$3,682,098	\$3,543,000
EXPEND.	\$2,712,792	\$3,083,142	\$3,408,548	\$3,799,612	\$3,896,000
RESULT	\$499,779	\$947,539	\$571,557	(\$117,514)	(\$87,276)
DIVIDEND	\$199,889	\$473,769	\$285,778	Nil	Nil
STAFF (FTE)	29.6	31.6	32	34	34

	2010-11	2011-12	2012-13	2013-14	2014-15
APPROP.	\$669,000	\$682,000	695,000	706,000	706,000
REVENUE	\$5,007,132	\$5,249,994	\$5,040,986	\$6,398,431	\$6,531,796
EXPEND.	\$3,830,580	\$4,495,960	\$4,733,881	\$6,182,022	\$5,822,685
RESULT	\$1,176,552	\$754,034	\$307,105	\$216,409	\$709,111
DIVIDEND	\$588,276	\$377,017	\$153,553	\$108,205	\$354,556
STAFF (FTE)	35	39	39	40	42.8

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 Circuit
- 2006-07 Revenue injection of \$527K from vacation of 4 Mort St
- 2008-10 Loss relates to Global Financial Crisis
- 2010-11 PTACT recorded its best ever financial result and highest dividend to government
- 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.
- 2014-15 Highest revenue recorded.

C.2 FINANCIAL STATEMENTS

(Refer ANNEXURE - FINANCIAL STATEMENTS)

C.3 CAPITAL WORKS

No Capital Works were undertaken during 2014-15.

C.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 2014-15 no significant assets were added to, or removed from, the Public Trustee's corporate assets register.

VEHICLE

The only government assets directly managed by the Public Trustee are a commercial van which was sold during the year for \$3,000 and replaced with a Volkswagen Golf at a cost of \$21,000. These assets have been internally managed in respect to insurance and maintenance. PTACT carried out minor repairs and maintenance in addition to scheduled servicing during the year. Vehicles are 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 46 (42.8 FTEs) staff, all 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.

C.5 GOVERNMENT CONTRACTING

PROCUREMENT OVERVIEW

During the reported year, PTACT engaged Ultradata to upgrade its Trust Accounting business system "TACT" from v 7.2 to v.7.3. Ultradata was engaged on the basis that it is the sole supplier of TACT.

PTACT also engaged Design Managers Australia (DMA) to complete its web-based Unclaimed Money Online claims facility. DMA was engaged on the basis of price and reputation through other ACT Government IT initiatives.

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 –

- PriceWaterhouseCoopers (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. PTACT is in the process of reviewing its engagement with PWC following a decision, on the advice of the Public Trustee Investment Board to adopt a fully passive fund management regime. The engagement will change from four quarterly reports to one annual report (\$5,000) in addition to a five yearly strategic review (\$11,000).
- 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. This contract terminated during the financial year.
- BNP Paribas (formerly Asteron) – for custodian services in respect to the Public Trustee's Australian Equities Fund - Rate .1% - Contract dated November 2005. Once again, this contract terminated during the reported year.
- Ultradata for use under licence and technical support of the TACT trust accounting business system. Annual Licence fees are in the order of \$99,000.00.
- 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 licence on an annual basis \$1,386.
- LyntonAust - for hosting and administering two websites for PTACT and GreaterGood. The rate is in the order of \$5,000.00 pa per website.
- Engagement of KPMG Forensics in respect to the investigation of financial irregularities. KPMG is on the JACS panel of providers and the cost was recovered through ACTIA.

SOCIAL PROCUREMENT

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

C.6 STATEMENT OF PERFORMANCE

Refer C.2 FINANCIAL STATEMENTS above and ANNEXURE - FINANCIAL STATEMENTS.

D.1 DANGEROUS SUBSTANCES

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

D.2 MEDICINES, POISONS AND THERAPEUTIC GOODS

The Public Trustee for the ACT has not committed an infringement notice offence against the *Medicines, Poisons and Therapeutic Goods Act 2007* and accordingly, no statement is required.

AGENCY SPECIFIC ANNUAL REPORT REQUIREMENTS



PART 4 - AGENCY SPECIFIC ANNUAL REPORT REQUIREMENTS

REPORT RELATES TO LEGISLATION - *CONFISCATION OF CRIMINAL ASSETS ACT 2003* SECTIONS 102 AND 103

S.102 NOTICE OF SALE, MODIFICATION OR DESTRUCTION OF RESTRAINED PROPERTY BY PUBLIC TRUSTEE

Under S.102 (1) of the Act, the Public Trustee must give written notice of a proposed sale, modification or destruction of restrained property under S.101 (the proposed action) to—

- (a) the owner of the property (if known); and
- (b) anyone else the public trustee believes may have an interest in the property.

During the year, the Public Trustee gave notice in the following matter under S.102 of the *Confiscation of Criminal Assets Act 2003* (COCA). The matter relates to restrained residential premises registered in the name of a person convicted of a serious offence by the Supreme Court of the ACT.

PTACT sought to dispose of the property by sale. Fourteen days after the person was convicted of a serious crime the Director of Public Prosecutions sought and obtained a forfeiture order under S.60 of COCA. The Lands Title Registrar will not provide PTACT with a Vesting Order unless a Forfeiture Order has been secured.

Under Section 102 of COCA the PTACT must perform the following-

- give written notice of a proposed sale, modification or destruction of restrained property under Section 101 of COCA; and
- inform the owner of the property (if known); and anyone else the Public Trustee believes may have an interest in the property.

In accordance with COCA, PTACT contacted the person as well as the mortgagee. After obtaining the Vesting Order PTACT contacted two real estate agents for evaluations and then chose one to sell the property. PTACT remained in contact with the mortgagee throughout the process and upon settlement disbursed monies to the mortgagee and placed the balance of \$96,099.31 into the COCA fund managed by the PTACT.

PTACT is uniquely placed to implement COCA procedures through our extensive experience in property transactions.

103 EMERGENCY MODIFICATION OR DESTRUCTION OF RESTRAINED PROPERTY

S.103(1) of the Act applies if the Public Trustee considers that restrained property is a serious threat to public health or safety and places an onus upon the Public Trustee to notify specified persons in the event that assets are destroyed or disposed of.

In dealing with Confiscated Criminal Assets, the Public Trustee frequently authorises ACT Policing to take possession and dispose of certain assets that are deemed to be a serious threat to public health or safety.

These may include, but are not limited to -

- hydroponic equipment commonly used for the production of marijuana;
- chemicals commonly used in the manufacture of illicit drugs and other drug paraphernalia;
- firearms and ammunition;
- modified vehicles; and

Current practice involves a number of different means of disposal or remediation depending upon the nature of the asset. In certain cases, assets are immediately destroyed. In other cases, with some level of remediation, the assets may be able to be disposed of by sale.

PTACT also deals with unsafe residential or commercial buildings (asbestos, illegal works). Where a residential or commercial property has been found to be identified on the Asbestos Register maintained by ACT Government, the property is routinely dealt with in accordance with established processes.

PTACT has prepared a draft Memorandum of Understanding (MOU) with ACT Policing to establish an agreed means by which assets posing a serious threat to public health or safety may be seized and dealt with, without delivery to PTACT. The MOU is currently the subject of negotiation between PTACT and ACT Policing.



COMMUNITY ENGAGEMENT AND SUPPORT



M.1 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 2015.	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 \$614,617,00 for 2014-15 through GreaterGood.
Demonstrating the value of Workplace Giving to new staff through induction and the JACS Intranet.	JACS staff workplace giving scheme 'JACS4GreaterGood' now has a corpus of \$147,134. The 2015 distribution of \$3,900 was presented to Di Lucas on behalf of the Domestic Violence Crisis Service.
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 22 occasions.	Community educated on estate planning
Conducted Wills Week in October 2014 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 has published several newsletters in the reported period under the titles “Going Public” and “GreaterGood e-News”.

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

A number of our Fact Sheets have been translated into five non-English speaking languages and these have been published 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 115 clients responded to our survey with 95% 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, 64% responded that PTACT exceeded their expectations, 31% felt that PTACT met their expectations, 4% did not provide a rating and 1% of 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 Trustees also cooperate in responding to issues of national importance eg National Disability Insurance Scheme, Ageing and Disability inquiries etc.
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 17 national requests for assistance made through the AGAC Website Contact Form. Two meetings were held in the reporting period.
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.



Prof Ben White (QUT), Assoc Prof Jill Wilson (UQ) and Assoc Prof Cheryl Tilse (UQ) presenting "Having the Last Word" to Public Trustee Andrew Taylor on the culmination of a 4 year study on will-making in Australia.

N.1 BUSHFIRE RISK MANAGEMENT

This section is not relevant to PTACT's operations.

N.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*
- Financial 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, 3 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 2014-15. PTACT utilises the services of the JACS Directorate to respond to FOI requests.

N.3.HUMAN RIGHTS

EDUCATION AND TRAINING

During the year, PTACT continued to participate in forums in respect to the issue of supported decision-making as an adjunct to substitute decision-making. No further formal human rights training was provided to PTACT staff during the reported year.

A number of PTACT staff participated in the Human Rights E-Learning Challenge 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.

PTACT continued to participate 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. A submission was made in response to the ACT Government's Discussion Paper, "Designing a Model for the Effective Protection of Human Rights" released for comment on 20 April 2015.

The paper proposes a model for the effective protection of human rights in the ACT including that the Public Guardian functions of the current Public Advocate of the ACT (PAACT) be co-located within the Public Trustee for the ACT (PTACT).

PTACT's response was made in terms of the benefits and risks of merging the Public Guardian functions with those of the Office of the Public Trustee.

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.

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.

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.

N.4 LEGAL SERVICES 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.

TRUST
WILLS
INVESTMENT
FINANCIAL MANAGEMENT
POWERS OF ATTORNEY
UNCLAIMED MONEY
RESPECT
INNOVATION
COLLABORATION
CONFISCATED CRIMINAL ASSETS
OFFICIAL VISITOR SCHEME
ESTATES
FINANCIAL
VISITOR

0.1.CULTURE AND BEHAVIOUR

The Public Trustee for the ACT has been appointed as JACS Executive Sponsor for Respect, Equity and Diversity (RED) for four years. PTACT has maintained a Contact Officer since the commencement of the RED framework. Since commencement of the framework, a number of concerns were raised with the Contact Officer, principally related to mutual respect.

In the 2014 JACS Staff Survey, PTACT staff reported positively in all categories of Trust/Direction/Culture against the 2012 survey as follows –

Trust/Direction/Culture:	Industry Norm	PTACT 2012	PTACT 2015
Opportunities satisfaction	50%	49%	50%
Fairness satisfaction	n/a	n/a	30%
Equality satisfaction	n/a	n/a	17%
Very optimistic about future	50%	49%	52%
Climate of trust and respect	44%	49%	58%
High trust in senior directorate executive	46%	39%	42%
Proud of successes/achievement of PTACT	59%	51%	55%
Strong sense of purpose and direction	48%	24%	35%
Staff want to improve the way things work	63%	65%	65%
Change - better things to come for me	47%	38%	52%
High trust in my leadership team	46%	43%	45%
Can do mentality	49%	35%	39%

In respect to Bullying and Harassment staff reported the following –

Bullying/Harassment: (B&H)	Industry Norm	PTACT 2012	PTACT 2015
Staff agreeing that PTACT is free from client B&H	56%	37%	24%
Staff agreeing that PTACT is free from manager/supervisor B&H	70%	61%	81%
Staff agreeing that PTACT is free from co-worker B&H	67%	60%	68%
Staff belief that if they were a victim of B&H it would be adequately addressed	57%	56%	45%
Significant improvement in the last 12 months to address B&H in the workplace	48%	47%	55%

PTACT staff reported that PTACT was a truly great place to work (63%) against 65% for 2012.

0.2. 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 2014-15.

0.3 WORKFORCE PROFILE

OUR STAFFING PROFILE



Full Time Equivalent Staff and Headcount by Gender

	Female	Male	Total
FTE by Gender	33.8	9.0	46
Headcount by Gender	37	19	46
% of Workforce	80.4%	19.6%	100%

Classifications

Classification Group	Female	Male	Total
Administrative Officers	35	4	39
Executive Officer	0	1	1
Legal Officers	0	1	1
Senior Officers	2	3	5
TOTAL	37	9	46

Employment Category by Gender

Employment Category	Female	Male	Total
Casual	0	0	0
Permanent Full-time	24	8	32
Permanent Part-time	5	0	5
Temporary Full-time	6	1	7
Temporary Part-time	2	0	2
TOTAL	37	9	46

Average Length of Service by Gender

Gender	Ave years of service
Female	6.1
Male	13.9
TOTAL	7.7

Age Profile

Age Group	Female	Male	Total
Under 25	0	0	0
25-34	4	4	8
35-44	10	1	11
45-54	13	1	14
55 and over	10	3	113

Agency Profile

Branch/Division	FTE	Headcount
Public Trustee	42.8	46
TOTAL	42.8	46

Headcount by Diversity

Diversity Group	Headcount	% of Total Staff
Aboriginal/Torres Strait	0	0.0%
Culturally & Linguistically Diverse	11	23.9%
People with a Disability	0	0.0%

Recruitment and Separation Rates

Office	Recruitment rate	Separation rate
Public Trustee for the ACT	5.5%	11.0%
TOTAL	5.5%	11.0%

Recruitment and Separation Rates by Classification Group

Office	Recruitment rate	Separation rate
Administrative Officers	6.6%	9.9%
Legal Officers	0.0%	78.8%
Senior Officers	0.0%	0.0%
TOTAL	5.5%	11.0%

[illegible]

P.1. 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	NI 2006-30

[illegible]



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 2015 has been reviewed.

Responsibility for the statement of performance

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 used 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.

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 2015, 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.



Malcolm Prentice
Acting Director, Financial Audits
15 September 2015

**Public Trustee for the ACT
Statement of Performance
For the Year Ended 30 June 2015**

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 2015 and also fairly reflects the judgements exercised in preparing it.



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

14 September 2015

PUBLIC TRUSTEE FOR THE ACT STATEMENT OF PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2015

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 2014-15	Actual Outcome 2014-15	Variance %	Notes
Number of current financial management accounts under orders of the Guardianship and Management of Property Act (1997) (GMP Act) by the ACT Civil and Administrative Tribunal	500	509	1.00	
Number of active financial management accounts under Power of Attorney and Enduring Power of Attorney	53	52	(1.89)	
Number of responses to community call outs following death	3	1	(66.67)	1
Number of welfare funerals arranged	3	11	266.67	2
Number of examinations of accounts provided from external managers under orders of the Guardianship and Management of Property Act (1997) (GMP Act) by the ACT Civil and Administrative Tribunal	495	491	(.80)	
Number of deceased estate administrations completed < \$100,000	35	38	8.57	3
Number of deceased estate administrations completed > \$100,000	56	62	10.71	3
Number of trusts held under legal disability < \$100,000	330	337	1.51	
Number of trusts held under legal disability > \$100,000	59	56	(5.08)	
Wills	764	786	2.73	
Percentage of expenditure over total income	99%	89%	(6.32)	4

Notes

1. 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. There were less than expected call-outs in 2014-15.
2. The number of welfare funerals arranged varies depending on the amount of funds of deceased persons have available to pay for their funeral and the ability of the Public Trustee to contact known family members upon a person's death. More welfare funerals were arranged in 2014-15 for people with insufficient funds and where family members could not be contacted.

**PUBLIC TRUSTEE FOR THE ACT
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDING 30 JUNE 2015**

3. The number of finalised deceased estates administered by the Public Trustee for the ACT of a value of less than, or more than, \$100,000 reflects those finalised estates that were either –
 - carried over from the previous period/s and completed in the reported year; and
 - commenced and completed in the reported year.
4. The decrease in the percentage of expenditure over total income reflects the higher than budget total income and expenses that lead to an overall increase in the operating surplus at 30 June 2015.

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 2015 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 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 2015:

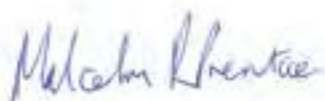
- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Public Trustee as at 30 June 2015 and the results of its operations and cash flows for the year then ended.

Emphasis of matter

The financial statements disclose in Note 4: 'Irregularities in Trust Funds Administered by the Public Trustee' that irregularities were detected in trust funds administered by the Public Trustee and compensation has been paid to trust funds as a result of the investigation of these irregularities.

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.



Malcolm Prentice
Acting Director, Financial Audits
21 August 2015

**Public Trustee for the ACT
Financial Statements
For the Year Ended 30 June 2015**

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 2015 and the financial position of the Public Trustee on that date.



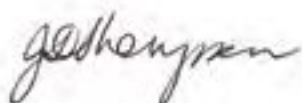
Andrew Taylor
Chief Executive Officer
Public Trustee for the ACT

20 August 2015

Public Trustee for the ACT
Financial Statements
For the Year Ended 30 June 2015

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 2015 and the financial position of the Public Trustee on that date.



Joanne Thompson
Chief Finance Officer
Public Trustee for the ACT

20 August 2015

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

OPERATING STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015

	Note No.	Actual 2015 \$	Original Budget 2015 \$	Actual 2014 \$
INCOME				
Government Payment for Outputs	5	1,062,805	1,238,000	708,000
User Charges	6	4,856,205	4,289,000	4,560,766
Insurance Recoveries	7	398,956	-	2,227,652
Interest	8	183,872	118,000	192,399
Other Gains	9	30,358	-	6,533
Total Income		6,531,796	5,645,000	7,693,350
EXPENSES				
Employee Expenses	10	3,494,483	3,472,000	3,501,085
Superannuation Expenses	11	493,490	477,000	483,933
Supplies and Services	12	1,598,097	1,314,000	3,376,992
Depreciation	13	203,275	113,000	148,793
Other Expenses	14	33,340	-	-
Total Expenses		5,822,685	5,376,000	7,510,803
Operating Surplus		709,111	269,000	182,547
Other Comprehensive Income				
<i>Items that will not be reclassified subsequently to profit or loss</i>				
Increase in the Asset Revaluation Surplus	25	-	-	151,549
Total Other Comprehensive Income		-	-	151,549
Total Comprehensive Income		709,111	269,000	334,096

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 2015

	Note No.	Actual 2015 \$	Original Budget 2015 \$	Actual 2014 \$
CURRENT ASSETS				
Cash and Cash Equivalents	17	6,243,211	5,418,000	4,831,973
Receivables	18	507,181	309,000	2,528,679
Other Assets	20	34,258	30,000	33,576
Total Current Assets		6,784,650	5,757,000	7,394,228
NON-CURRENT ASSETS				
Plant and Equipment	19	278,927	217,000	471,760
Other Non-Current Assets	20	4,109	-	-
Total Non-Current Assets		283,036	217,000	471,760
Total Assets		7,067,686	5,974,000	7,865,988
CURRENT LIABILITIES				
Payables	21	236,905	122,000	290,714
Employee Benefits	23	1,458,077	1,112,000	1,505,553
Finance Leases	22	-	-	5,314
Other Provisions	24	354,557	134,000	1,386,192
Total Current Liabilities		2,049,539	1,368,000	3,187,773
NON CURRENT LIABILITIES				
Employee Benefits	23	95,210	150,000	83,893
Finance Leases	22	-	-	28,443
Other Provisions	24	101,859	111,000	99,355
Total Non-Current Liabilities		197,069	261,000	211,691
Total Liabilities		2,246,608	1,629,000	3,399,464
Net Assets		4,821,078	4,345,000	4,466,524
EQUITY				
Accumulated Funds		4,339,289	4,015,000	3,984,735
Asset Revaluation Surplus	25	481,789	330,000	481,789
Total Equity		4,821,078	4,345,000	4,466,524

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 2015

	Accumulated Funds Actual 2015 \$	Asset Revaluation Surplus Actual 2015 \$	Total Equity Actual 2015 \$	Original Budget 2015 \$
Balance at 1 July 2014	3,984,735	481,789	4,466,524	4,210,000
Comprehensive Income				
Operating Surplus	709,111	-	709,111	289,000
Increase in the Asset Revaluation Surplus	-	-	-	-
Total Comprehensive Income	709,111	-	709,111	289,000
Transactions Involving Owners Affecting Accumulated Funds				
Dividend Approved	(354,557)	-	(354,557)	(134,000)
Total Transactions Involving Owners Affecting Accumulated Funds	(354,557)	-	(354,557)	(134,000)
Balance at 30 June 2015	4,339,289	481,789	4,821,078	4,345,000

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 2015

	Accumulated Funds Actual 2014 \$	Asset Revaluation Surplus Actual 2014 \$	Total Equity Actual 2014 \$
Balance at 1 July 2013	3,893,482	330,240	4,223,702
Comprehensive Income			
Operating Surplus	182,547	-	182,547
Increase in the Asset Revaluation Surplus	-	151,549	151,549
Total Comprehensive Income	182,547	151,549	334,096
Transactions Involving Owners Affecting Accumulated Funds			
Dividend Approved	(91,274)	-	(91,274)
Total Transactions Involving Owners Affecting Accumulated Funds	(91,274)	-	(91,274)
Balance at 30 June 2014	3,984,735	481,789	4,466,524

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 2015

	Note No.	Actual 2015 \$	Original Budget 2015 \$	Actual 2014 \$
Cash Flows from Operating Activities				
Receipts				
Government Payment for Outputs		578,605	754,000	233,000
Fees for providing Administrative Services for the Official Visitors Scheme		-	-	416,871
Community Service Obligations		484,000	484,000	473,000
User Charges		5,027,057	4,292,000	3,925,807
Interest Received		194,035	113,000	171,376
Goods and Services Tax Collected from Customers		499,033	398,000	396,579
Insurance Recoveries		2,217,814	-	263,843
Other		13,578	-	26,314
Total Receipts from Operating Activities		9,014,122	6,041,000	5,906,790
Payments				
Employee		3,434,110	3,510,000	3,284,869
Superannuation		497,453	466,000	480,425
Supplies and Services		3,095,278	1,303,000	1,893,233
Goods and Services Tax Paid to Suppliers		148,146	75,000	143,445
Goods and Services Tax Remitted to the Australian Taxation Office		282,579	322,000	274,916
Other		6,276	-	33,200
Total Payments from Operating Activities		7,463,842	5,676,000	6,110,088
Net Cash Inflows / (Outflows) from Operating Activities	28(b)	1,550,282	365,000	(203,298)

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

CASH FLOW STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2015

	Note No.	Actual 2015 \$	Original Budget 2015 \$	Actual 2014 \$
Cash Flows from Investing Activities				
Receipts				
Proceeds from the sale of Plant and Equipment		2,727	-	20,000
		<u>2,727</u>	<u>-</u>	<u>20,000</u>
Payments				
Payments for Plant and Equipment		46,510	-	19,217
Total Payments from Investing Activities		<u>46,510</u>	<u>-</u>	<u>19,217</u>
Net Cash (Outflows) / Inflows from Investing Activities		<u>(43,783)</u>	<u>-</u>	<u>783</u>
Cash Flows from Financing Activities				
Payments				
Repayment of Finance Lease Liabilities		3,987	-	1,972
Payment of Dividends		91,274	-	153,553
Total Payments from Financing Activities		<u>95,261</u>	<u>-</u>	<u>155,525</u>
Net Cash (Outflows) from Financing Activities		<u>(95,261)</u>	<u>-</u>	<u>(155,525)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		<u>1,411,238</u>	<u>365,000</u>	<u>(358,040)</u>
Cash and Cash Equivalents at the Beginning of the Reporting Period		<u>4,831,973</u>	<u>5,053,000</u>	<u>5,190,013</u>
Cash and Cash Equivalents at the End of the Reporting Period	28(a)	<u>6,243,211</u>	<u>5,418,000</u>	<u>4,831,973</u>

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

STATEMENT OF APPROPRIATION
FOR THE YEAR ENDED 30 JUNE 2015

	Original Budget 2015 \$	Total Appropriated 2015 \$	Appropriation Drawn 2015 \$	Appropriation Drawn 2014 \$
Government Payments for Outputs	1,238,000	1,238,000	1,062,600	706,000
Total Appropriation	1,238,000	1,238,000	1,062,600	706,000

Column Heading Explanations:

The *Original Budget* column shows the amounts that appear in the Cash Flow Statement in the Statement of Intent. This amount also appears 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. This amount appears in the Cash Flow Statement.

The Total Appropriations were not drawn down in full in 2014-15. Funds required to administer the Official Visitors Scheme were not as high as budgeted.

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
INDEX TO THE NOTES TO AND FORMING PART OF THE FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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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 2015

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 Preparation

The *Financial Management Act 1996 (FMA)* requires the preparation of annual financial statements for ACT Government Agencies.

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;

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of Preparation (Continued)

- (v) a Statement of Appropriation for the year;
- (vi) a summary of the significant accounting policies adopted for the year; and
- (vii) 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.

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 AASB 117 *Leases*; or measurements that have some similarities to fair value but are not fair value, such as value in use in AASB 136 *Impairment of Assets*.

For disclosure purposes, fair value measurements are categorized into level 1, 2 or 3 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 19 *Plant and Equipment*.

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

The Public Trustee 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 2015 together with the financial position of the Public Trustee as at 30 June 2015.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Comparative Figures

Budget Figures

The FMA requires the statements to facilitate a comparison with the Statement of Intent. The Budget numbers in the Financial Statements are the original budget numbers that appear in the Statement of Intent.

Prior Year Comparatives

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial 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 has occurred the nature, amount and reason for the reclassification is provided.

d) Rounding

All amounts in the financial statements have been rounded to the nearest whole dollar (\$). Use of "-" represents zero amounts or amounts rounded down to zero.

e) Revenue Recognition

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

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 (v) *Significant Accounting Judgement and Estimates* and to Note 7 *Insurance Recoveries*.

Interest

Interest revenue is recognised using the effective interest method.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f) Waivers of Debt

Debts waived are expensed during the year in which the right to payment was waived. Further details of waivers are disclosed at Note 15 *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.

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.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

k) Measurement of Plant and Equipment after Initial Recognition

Plant and equipment are 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 written back 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.

Leasehold improvements and motor vehicles under a finance lease are depreciated over the estimated useful life of each asset, or the unexpired period of the relevant lease, whichever is shorter.

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

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.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.

Motor Vehicle Leasing Arrangements 2014-15

Changes were made to the whole-of-government motor vehicle leasing arrangements with SG Fleet as a result of which all such leases were classified as operating leases rather than finance leases from 23 April 2015. The leased vehicles held as Plant and Equipment (under the previous finance lease arrangement with SG Fleet) were derecognised and the associated loss on the derecognition of the leased vehicle assets reflected under Note 14 *Other Expenses*. The corresponding finance lease liability (current and non-current) was also derecognised and the associated gain from the derecognition of the liability reflected under Note 9 *Other Gains*. Accordingly, gross amounts for the loss on the derecognition of the leased vehicles and the gain on the derecognition of the finance lease liability have been reported separately rather than on a net basis, in these financial statements.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2014-15, the rate used to estimate the present value of future payments for long service leave is 104.2% (103.5% in 2013-14). Annual leave liabilities have been estimated on the assumption that they will be wholly settled with three years. In 2014-15, the rate used to estimate the present value of future payments for annual leave is 101.0% (100.9% in 2013-14).

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 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.

The significant judgements and assumptions included in the estimation of annual and long service leave liabilities include an assessment by an actuary. The Australian Government Actuary performed this assessment in May 2014. The assessment by an actuary is performed every 5 years. However it may be performed more frequently if there is a significant contextual change in the parameters underlying the 2015 report. The next actuarial review is expected to be undertaken by May 2019. Further information about this estimate is provided in Note 2 v) *Significant Accounting Judgements and Estimates*.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q) Employee Benefits (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 by the Public Trustee. 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's 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 total Territory superannuation liability for the CSS, PSS, and ComSuper is recognised in the Chief Minister, Treasury and Economic Development Directorate's Superannuation Provision Account and the external schemes recognise the superannuation liability for the PSSAP and other schemes respectively. This superannuation liability is not recognised at individual agency level.

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 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

u) Budget Reporting

Explanations of major variances between the 2014-15 original budget and the 30 June 2015 actual results are discussed in Notes 31 *Budgetary Reporting*. The definition of 'major variances' is provided in Note 2 (v) *Significant Accounting Judgements and Estimates – Budgetary Reporting*.

Original budget refers to the original budgeted financial statements presented to the Legislative Assembly in a form that is consistent with the Public Trustee's annual financial statements. The 2014-15 budget numbers have not been audited.

Budgeted reporting is disclosed for the financial statements with the exception of Statement of Changes in Equity as relevant line item are included in other financial statements.

v) 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 2013-14, a provision of \$1,294,919 was recorded for the estimated cost of reimbursements for irregularities detected 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 2014-15 the Public Trustee reimbursed a total of \$1,380,308 to Trust Funds for transactions that were identified as irregular. It is estimated that no further payments will be required.

The Public Trustee has compensated Trust Clients for irregularities quantified through audit processes by consultants KPMG Forensic, investigations by ACT Policing and the Public Trustee. These irregularities were identified through a combination of open data base scanning for entries fitting an alert criteria, physical inspections of properties, interviews with service providers, consultation with clients and their case workers and searches of supporting documentation.

Refer to Note 4 *Irregularities in Trust Funds Administered by the Public Trustee* and Note 24 *Other Provisions*.

Insurance Recoveries

Insurance recoveries disclosed in Note 7 *Insurance Recoveries* include an estimate of the recovery of the estimated cost of investigating and compensating Trust Clients in relation to the irregularities identified in Trust Funds.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

v) Significant Accounting Judgements and Estimates (continued)

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, probability that leave will be taken service and that on-costs will become payable. Further information on this estimate is provided in Note 2 q) *Employee Benefits*.

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 19 *Plant and Equipment* for further information.

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 Public Trustee has made a significant estimate in determining the useful lives of its Plant and Equipment. The estimation of useful lives of Plant and Equipment has been based on the historical experience of similar assets and in some cases has been based on valuations provided by an independent valuer. The useful lives are assessed on an annual basis and any adjustments are made when considered necessary.

Further disclosure concerning an asset's useful life can be found at Note 2 l) *Depreciation of Non-Current Assets*.

Budgetary Reporting

Significant judgements have been applied in determining what variances are considered as 'major variances' requiring explanations in Note 31 *Budgetary Reporting*. Variances are considered to be major variances if both of the following criteria are met:

- The line item is a significant line item: the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements; and
- The variances (original budget to actual) are greater than plus (+) or minus (-) 10% for the budget for the financial statement line item.

Further information on this is provided in Note 2 u) *Budgetary Reporting*.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) 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 2018);

This standard supersedes AASB 139 Financial Instruments: Recognition and Measurement. The main impact of AASB 9 is that it will change the classification, measurement and disclosures of the Public Trustee's financial assets. No material financial impact on the Public Trustee is expected.

- AASB 15 Revenue from Contracts with Customers (application date 1 January 2017);

AASB 15 is the new standard for revenue recognition. It establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces AASB 111 Construction Contracts and AASB 118 Revenue. The Public Trustee is currently assessing the impact of this standard and has identified there could be a potential impact on the timing of the recognition of revenue for user charges. At this stage Public Trustee is not able to estimate the impact of this new standard on its financial statements. The Public Trustee will make a more detailed assessment of the impact over the next 12 months.

- 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 2018);

This standard makes consequential amendments to a number of standards and interpretations as a result of the issuing of AASB 9 in December 2010. No material financial impact on the Public Trustee is expected.

- AASB 2014-1 Amendments to Australian Accounting Standards – Part E Financial Instruments [AASB 1, 3, 4, 5, 7, 9 (December 2009), 9 (December 2010), 101, 102, 108, 112, 118, 120, 121, 132, 136, 137, 139, Interpretation 2, 5, 10, 12, 16, 19, and 107] (application date 1 January 2018);

Part E of this standard defers the application of AASB 9 to 1 January 2018. No material financial impact on the Public Trustee is expected.

- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15 [AASB 1, 3, 4, 9 (December 2009) (December 2010), 101, 102, 112, 116, 132, 134, 134, 137, 138, 139, 140, 1023, 1038, 1039, 1049, 1053, 1056, Interpretation 12, 127, 132, 1031, 1038 & 1052] (application date 1 Jan 2017);

This standard makes consequential amendments to a number of standards and interpretations as a result of the issuing of AASB 15. The Public Trustee is assessing the potential impact of AASB 15.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

w) Impact of Accounting Standards issued but yet to be Applied (continued)

- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) [AASB 1, 2, 3, 4, 5, 7, 13, 101, 102, 108, 110, 112, 120, 121, 123, 128, 132, 133, 136, 137, 139, 1023, 1038, 1049, Interpretation 2, 5, 10, 12, 16, 19 & 127] (application date 1 January 2018);

This standard makes consequential amendments to a number of standards and interpretations as a result the issuing of AASB 9 (December 2014). No material financial impact on the Public Trustee is expected.

- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) – Application of AASB 9 (December 2009) and AASB 9 (December 2010) (application date 1 January 2015)

This standard makes amendments to AASB 9 (December 2009) and AASB 9 (December 2010) such that for annual reporting periods beginning on or after 1 January 2015, an entity may apply AASB 9 (December 2009) or AASB 9 (December 2010). The Public Trustee does not intend to early adopt these standards and there is no financial impact.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

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 103.5%, however, due a change in the Commonwealth Government bond rate the rate was changed to 104.2%. The change to employee benefits is disclosed under Note 23 *Employee Benefits*.

4. IRREGULARITIES IN TRUST FUNDS ADMINISTERED BY THE PUBLIC TRUSTEE

In 2013-14 the Public Trustee detected irregularities in Trust Funds administered by the Public Trustee Trust Account under order of the ACT Civil and Administrative Tribunal and under Enduring Power of Attorney. KPMG Forensic completed their investigation in October 2014 and the investigation by ACT Policing is ongoing.

The Public Trustee has a fidelity insurance policy with the ACT Insurance Authority (ACTIA). Under this insurance policy the Public Trustee has claimed for expenses incurred in relation to the investigation of the irregularities and the reimbursements to trust accounts, including any loss of interest.

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

	Note No.	2015 \$	2014 \$
Income			
Insurance Recoveries	7	398,956	2,227,652
Expenses			
Wages and Salaries Cost of Investigating Irregularities	10	97,703	
Compensation of Trust Clients	12	85,389	1,650,672
Cost of Investigating Irregularities	12	215,864	577,329
Total Expenses		<u>398,956</u>	<u>2,228,001</u>
Net Expenses		<u>-</u>	<u>(349)</u>

In 2013-14, the Public Trustee recorded a provision of \$1,294,919 for the estimated cost of reimbursing Trust Funds for irregularities detected in client financial accounts maintained under order of the ACT Civil and Administrative Tribunal and Enduring Power of Attorney. The provision was based on the estimated cost of compensating clients for irregular transactions that were under investigation, including loss of interest earnings. This provision is disclosed in Note 24 *Other Provisions*.

Compensation payments to Trust Funds totalling \$1,380,308 were made during 2014-15 and it is estimated that no further payments will be required.

Insurance Recoveries of \$398,956 shown above, were received from the ACT Insurance Authority during 2014-15 and include the recovery of additional costs of investigating the irregularities and for compensating Trust Clients also shown in 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 2015

5. GOVERNMENT PAYMENT FOR OUTPUTS

Government Payment for Outputs (GPO) is 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.

	2015 \$	2014 \$
Government Payment for Outputs	578,605	233,000
Community Service Obligations	484,000	473,000
Total Government Payment for Outputs	1,062,605	706,000

The increase in Government Payment for Outputs is due to the receipt of funding for the Official Visitors Scheme. This is the first year of receipt of the funding through Government Payment for Outputs. In 2013-14, funding was transferred from various Directorates to the Public Trustee and was shown under User Charges – ACT Government.

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)	293,844	308,825
Fees for providing Administrative Services for the Official Visitors Scheme (c)	-	416,871
Other Fees	5,450	-
	<u>299,294</u>	<u>725,696</u>
User Charges – Non ACT Government		
Commission (a)	1,769,161	1,471,152
Management Fees (b)	1,780,920	1,595,300
Other Fees	1,006,830	768,618
	<u>4,556,911</u>	<u>3,835,070</u>
Total User Charges	4,856,205	4,560,766

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

6. USER CHARGES (CONTINUED)

(a) Commission income is charged on the value of the income earned and this has increased due to an increase in dividends received on Common Funds and a general increase in funds under management. 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 finalised in 2014-15 is higher than 2013-14, the fee received has also increased.

(b) 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. In 2014-15 the funding was received as a Government Payment for Outputs (see Note 5 *Government Payment for Outputs*).

	2015 \$	2014 \$
7. INSURANCE RECOVERIES		
Insurance Recoveries	398,956	2,227,652
Total Insurance Recoveries	398,956	2,227,652

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

8. INTEREST		
Interest Income	183,672	192,399
Total Interest	183,672	192,399

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
9. OTHER GAINS		
Recovery of Debt	608	-
Gain on Derecognition of a Finance Lease	29,750	6,533
Total Other Gains	30,358	6,533

Due to change in the whole of government motor vehicle leasing arrangement with SG Fleet, all finance leases were changed to operating leases on 23 April 2015. The Public Trustee held one leased vehicle as Plant and Equipment (under the previous finance lease arrangement with SG Fleet) which has been derecognised.

The net impact of the gross gain of \$29,750 on the derecognition of the finance lease liability and the gross loss of \$28,309 on the derecognition of the leased motor vehicles (under Note 14: *Other Expenses*) was a net gain of \$1,441. Also refer to Note 2(p): *Summary of Significant Accounting Policies – Leases*.

10. EMPLOYEE EXPENSES

Wages and Salaries (a)	3,127,383	3,287,821
Wages and Salaries Costs of Investigating Irregularities (a)	97,703	-
Wages and Superannuation Cost of Official Visitors (b)	33,512	20,283
Annual Leave Expense (c)	86,656	7,188
Long Service Leave Expense (c)	19,353	21,160
Termination Payments (d)	53,797	97,341
Fringe Benefits Tax (e)	5,414	2,669
Workers' Compensation Insurance Premiums	66,490	60,963
Other Employee Expenses and On-Costs	4,174	3,660
Total Employee Expenses	3,494,483	3,501,085

(a) There were 46 staff employed at 30 June 2015 (43 at 30 June 2014). Wages and Salary costs have been separated to disclose the costs that relate to the investigation into Irregularities in Trust Funds by one staff member. These salary costs were reimbursed by ACT Insurance Authority as part of the insurance claims shown under Note 4 *Irregularities in Trust Funds Administered by the Public Trustee*.

(b) The Public Trustee took over administration of the Official Visitor Scheme in September 2013. In 2014-15, expenses include a full year of salaries and benefits of staff who provide administrative services for the Official Visitor Scheme, compared to only part of the year in 2013-14.

(c) Annual leave and long service leave expenses have increased due to staff having higher leave balances in 2014-15 year compared to prior years.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

10. EMPLOYEE EXPENSES (CONTINUED)

(d) Termination payments decreased due to lower benefits paid out to retiring, transferring and terminating staff in 2014-15 compared to 2013-14.

(e) Fringe Benefits Tax increased as a result of the commencement of instalments in the June 2015 quarter and the reimbursement to staff for education expenses.

11. SUPERANNUATION EXPENSES

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

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

	2015 \$	2014 \$
Superannuation Contributions to the Territory		
Banking Account	262,945	288,755
Productivity Benefit	36,811	39,288
Superannuation to External Providers	193,735	155,890
Total Superannuation Expenses	493,490	483,933

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
12. SUPPLIES AND SERVICES		
Audit Fee (a)	126,427	67,746
Borrowing Costs (b)	2,504	-
Compensation of Trust Clients (c)	85,389	1,650,672
Computer Expenses	292,780	268,341
Consultants Costs (d)	25,191	32,724
Costs of Investigating Irregularities (e)	215,864	577,329
Electricity (f)	8,338	13,208
Insurance Risk Management Levy	28,278	28,278
Licence Fees	28,021	30,287
Marketing	22,803	23,602
Motor Vehicle Expenses (g)	12,368	9,784
Office Equipment	7,857	8,074
Official Visitors Expenses (h)	208,697	136,265
Other Expenses	34,142	34,944
Operating Lease Rental Payments (i)	1,894	-
Payroll Services (j)	-	4,432
Postage	15,612	16,250
Printing/Stationery (k)	28,865	24,082
Rental Lease Payments/Cleaning	287,246	278,647
Repairs/Maintenance (l)	108,813	96,187
Staff Training (m)	17,165	26,331
Subscriptions/Memberships (n)	15,198	12,568
Telephones	22,290	22,622
Translation Costs (o)	926	6,674
Travel Expenses (p)	1,431	7,945
Total Supplies and Services	1,598,097	3,376,992

(a) Audit fees includes the balance of fees owing for 2013-14 audit and fees for the 2014-15 audit.

(b) Borrowing costs relate to the unwinding of the make good provision.

(c) The compensation of Trust Clients in 2013-14 was an estimate of the cost. The 2014-15 cost reflects an increase in the actual compensation upon finalisation of internal investigations.

(d) Consultant services for advice in regard to investment of client trust funds are no longer being paid by the Public Trustee and are now recovered by the Trust after advice received during an actuarial review of Trust Account Reserves.

(e) The cost of Investigating Irregularities decreased in 2014-15 as KPMG Forensic completed their investigations at the end of October 2014.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

12. SUPPLIES AND SERVICES (CONTINUED)

(f) Electricity costs decreased due to more economical airflow, primarily as a result of reduced external air entering the office created by entrance doors modifications.

(g) Motor Vehicle expenses increased due to higher use from increased client property visits. This was a direct result of changes that were made to procedures as recommended by KPMG Forensics during their investigation into Irregularities in Trust Funds.

(h) Official Visitor Expenses have increased due to a full year of costs incurred in 2014-15. In the 2013-14 year only 9 months of costs were incurred. Also more training was provided to staff in 2014-15.

(i) Due to change in the whole of government motor vehicle leasing arrangement with SG Fleet, all finance leases were changed to operating leases on 23 April 2015. The Public Trustee held one leased vehicle which has been treated as an operating lease from 23 April 2015.

(j) No account for payroll services was received in 2014-15.

(k) Printing and Stationery costs increased due to increased printing of client fact sheets and folders required by staff for client documents.

(l) Repairs and maintenance costs increased due to repairs to the front entrance doors and an increase in maintenance charges for our Client Business software "TACT".

(m) There were less requests from staff for training in 2014-15.

(n) An increase in membership fees occurred as a result of the Public Trustee joining Philanthropy Australia.

(o) One off costs were incurred for the translation of fact sheets into many languages in 2013-14.

(p) Travel expenses decreased due to staff not required to travel for the Australian Guardianship Conference which was held in Canberra in March 2015. Previously it was held in other states.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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	2015 \$	2014 \$
13. DEPRECIATION		
Plant and Equipment	203,275	148,793
Total Depreciation	<u>203,275</u>	<u>148,793</u>

Plant & Equipment increased following revaluation to fair value as at 30 June 2014. Therefore depreciation has increased accordingly.

	2015 \$	2014 \$
14. OTHER EXPENSES		
Loss on disposal of Non-Current Assets	5,032	-
Loss on derecognition of a Finance Lease	28,309	-
Total Other Expenses	<u>33,340</u>	<u>-</u>

a). The Public Trustee sold one motor vehicle during the reporting period for less than the written down value.

B) The net impact of the gross loss of \$28,309 on the derecognition of the leased motor vehicles and the gross gain of \$29,750 on the derecognition of the finance lease liability (refer to Note 9: *Other Gains*) was a net gain of \$1,441. Also refer to Note 2(p): *Summary of Significant Accounting Policies – Leases*.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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15. WAIVERS AND WRITE-OFFS

A waiver is the relinquishment of a legal claim to a debt over which the Public Trustee has control. The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Public Trustee to recover the amount. The write-off of debts may occur for reasons other than waivers.

There were no waivers during the year; however, the Public Trustee approved the write-off of debts owed by third parties. The write-offs listed below have occurred during the reporting period for Public Trustee.

	2015		2014	
Ordinary Activities	No.	\$	No.	\$
Write-offs				
Irrecoverable Debts	4	2,400	4	1,640
Total Write-offs		2,400		1,640

In 2014-15, write-offs were made by the Public Trustee under delegated authority. Write-offs were due to the imposition of interest charges, penalties and unrecoverable payments that were unable to be recovered from clients.

16. AUDITOR'S REMUNERATION

Auditor's remuneration consists of financial audit services provided to the Public Trustee by the ACT Audit Office. No other services were provided by the ACT Audit Office.

	2015	2014
	\$	\$
Audit Fees Paid or Payable to the ACT Audit Office	78,681	67,746
Audit fees paid for by the Public Trustee were:		
Financial Statements of the Public Trustee for the ACT (Office Account)	40,355	30,355
Financial Statements of the Public Trustee for the ACT (Trust Account)	38,326	37,391
	78,681	67,746

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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17. 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 3.21% (2013-14 3.37%).

The Public Trustee held deposits with various other financial institutions at call throughout the year. The weighted average interest rate returned on these investments was 3.49% (2013-14 3.85%).

	2015	2014
	\$	\$
Cash at Bank	792,611	231,423
Cash on Hand	600	550
Short Term Investments	5,450,000	4,600,000
Total Cash and Cash Equivalents	6,243,211	4,831,973

18. RECEIVABLES

Current Receivables		
Trade Receivables (a)	311,095	501,598
Less: Allowance for Impairment Losses	-	-
	311,095	501,598
Receivables - Insurance Recoveries (b)	146,715	1,965,572
Other Receivables	-	1,775
Less: Allowance for Impairment Losses	-	-
	457,810	2,468,945
Accrued Revenue (c)	49,371	59,734
Total Receivables	507,181	2,528,679

(a) The decrease in trade receivables relates to the timing of invoices for services provided being paid. In 2014-15 the majority of invoices issued to clients prior to 30 June were paid promptly.

(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) as disclosed in Note 7 *Insurance Recoveries*. Most insurance recovery receivables at 30 June 2014 were received in 2014-15.

(c) Due to lower interest rates earned on investments in 2014-15, accrued revenue has decreased.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

18. RECEIVABLES (CONTINUED)

Ageing of Receivables	Not Overdue	Overdue			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$	\$	\$	\$	\$
2015					
Not Impaired Receivables	507,181	-	-	-	507,181
Impaired Receivables	-	-	-	-	-
2014					
Not Impaired Receivables	2,526,904	-	-	1,775	2,528,679
Impaired Receivables	-	-	-	-	-
				2015	2014
				\$	\$

Classification of ACT Government/Non-ACT Government Receivables

Receivables with ACT Government Entities		
Trade Receivables	32,246	29,852
Net Receivables - Insurance Recoveries	146,715	1,965,572
Total Receivables with ACT Government Entities	178,961	1,995,424
Receivables with Non-ACT Government Entities		
Net Trade Receivables	278,849	471,746
Net Other Receivables	-	1,775
Accrued Revenue	49,371	59,734
Total Receivables with Non-ACT Government Entities	328,220	533,255
Total Receivables	507,181	2,528,679

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2015	2014
	\$	\$
19. PLANT AND EQUIPMENT		
Plant and equipment includes motor vehicle, office and computer equipment, furniture and fittings, office fit-out and a security system.		
Motor Vehicle (at Fair Value) (a)	21,000	44,728
Less: Accumulated Depreciation	<u>(2,372)</u>	<u>(4,423)</u>
	18,628	40,305
Furniture and Fittings (at Fair Value) (b)	32,128	18,400
Less: Accumulated Depreciation	<u>(2,639)</u>	<u>-</u>
	29,489	18,400
Computer Equipment (at Fair Value) (c)	9,467	150
Less: Accumulated Depreciation	<u>(869)</u>	<u>-</u>
	8,598	150
Office Fit-out (at Fair Value) (d)	411,770	409,305
Less: Accumulated Depreciation	<u>(191,430)</u>	<u>-</u>
	220,340	409,305
Security System (at Fair Value)	3,600	3,600
Less: Accumulated Depreciation	<u>(1,728)</u>	<u>-</u>
	1,872	3,600
Total Plant and Equipment	<u>278,927</u>	<u>471,760</u>

(a) A motor vehicle was sold, a replacement motor vehicle was purchased and an existing leased motor vehicle was derecognised. Due to change in the whole of government motor vehicle leasing arrangement with SG Fleet, all finance leases were changed to operating leases on 23 April 2015. The Public Trustee held one leased vehicle as Plant and Equipment (under the previous finance lease arrangement with SG Fleet) which has been derecognised and the associated loss on the derecognition of the leased vehicle assets reflected under Note 14 *Other Expenses*.

(b) A new compactus was purchased to facilitate improved storage of client files.

(c) Two additional scanner/printing units were purchased during the reporting period.

(d) The increase in the office fit-out was the result of modifications to the existing office layout to accommodate more staff.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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19. PLANT AND EQUIPMENT (CONTINUED)

Valuation of Non-Current Assets

Mr Ty Noble FAPI, CPV (P&M) Executive Director of Australian Valuation Solutions Pty Limited, an independent valuer, performed the latest valuation of the office fit-out, furniture and fittings, office equipment and security system at 30 June 2014. 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 it assessed estimated depreciated replacement cost knowing that the current operating lease for the Ground Floor 221 London Circuit has an expiry date of 16 July 2016 (with an option to extend for a further five years). The next valuation date is expected to be undertaken before 30 June 2016.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. PLANT AND EQUIPMENT (CONTINUED)

Reconciliations of the Carrying Amounts of Plant and Equipment.

The following table shows the movements of Plant and Equipment during 2014-15.

	Motor Vehicle	Furniture and Fittings	Computer Equipment	Office Fit-out	Security System	Total
	\$	\$	\$	\$	\$	\$
Carrying Amount at the Beginning of the Reporting Period	40,305	18,400	150	409,305	3,600	471,760
Additions	21,000	13,728	9,316	2,465	-	46,509
Revaluation Increment	-	-	-	-	-	-
Depreciation	(6,610)	(2,639)	(868)	(191,430)	(1,728)	(203,275)
Other Movements	(39,067)	-	-	-	-	(38,067)
Carrying amount at the end of the Reporting Period	18,628	29,489	8,598	220,340	1,872	278,927

The following table shows the movements of Plant and Equipment during 2013-14.

	Motor Vehicle	Furniture and Fittings	Computer Equipment	Office Fit-out	Security System	Total
	\$	\$	\$	\$	\$	\$
Carrying Amount at the Beginning of the Reporting Period	9,001	51,597	860	371,445	6,433	439,436
Additions	35,728	2,825	-	2,925	-	41,478
Revaluation Increment	-	(28,814)	(423)	169,763	(865)	139,641
Depreciation	(4,424)	(7,306)	(287)	(134,828)	(1,948)	(148,795)
Carrying amount at the end of the Reporting Period	40,305	18,400	150	409,305	3,600	471,780

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

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 2015 are as follows:

Classification According to Fair Value Hierarchy 2015

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Plant and Equipment at Fair Value				
Motor Vehicle	-	18,628	-	18,628
Furniture and Fittings	-	29,489	-	29,489
Computer Equipment	-	8,598	-	8,598
Office Fit-out	-	18,823	201,517	220,340
Security System	-	-	1,872	1,872
	-	75,538	203,389	278,927

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:

Classification According to Fair Value Hierarchy 2014

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Plant and Equipment at Fair Value				
Motor Vehicle	-	40,305	-	40,305
Furniture and Fittings	-	18,400	-	18,400
Computer Equipment	-	150	-	150
Office Fit-out	-	17,950	391,355	409,305
Security System	-	-	3,600	3,600
	-	76,805	394,955	471,760

Transfers Between Categories

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

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

Valuation Techniques, Inputs and processes

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.

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
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. PLANT AND EQUIPMENT (CONTINUED)

Fair Value Measurements using Significant Unobservable Inputs (Level 3)

2015	Office Fit-out	Security System
Fair Value at the beginning of the reporting period	391,355	3,600
Additions	-	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	-	-
Depreciation	(169,837)	(1,728)
Other movements	-	-
Fair Value at the end of the reporting period	201,518	1,872
Total gains or losses for the reporting period included in profit or loss, under 'Other Gains'	-	-
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	-	-
2014	Office Fit-out	Security System
Fair Value at the beginning of the reporting period	353,495	6,433
Additions	2,925	-
Revaluation increments/(decrements) recognised in Other Comprehensive Income	169,763	(885)
Depreciation	(134,828)	(1,948)
Fair Value at the end of the reporting period	391,355	3,600
Total gains or losses for the reporting period included in profit or loss, under 'Other Gains'	-	-
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	-	-

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

19. PLANT AND EQUIPMENT (CONTINUED)

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

Description	Fair Value as at 30 June		Significant Unobservable Inputs	Range of Unobservable Inputs		Relationship of Unobservable Inputs to Fair Value
	2015	2014		2015	2014	
Valuation Technique: Depreciation Replacement Cost						
Office Fit-out	201,517	391,355	Total remaining useful life	3 - 30 years	3 - 30 years	A shorter useful life lowers the value of the asset. A higher remaining life increases fair value.
Security System	1,872	3,600	Total remaining useful life	3 years	3 years	A shorter useful life lowers the value of the asset. A higher remaining life increases fair value.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015	2014
	\$	\$
20. OTHER ASSETS		
Current Other Assets		
Prepayments	34,258	33,576
Total Current Other Assets	34,258	33,576
Non-Current Other Asset		
Prepayments	4,109	-
Total Other Assets	38,367	33,576

Non-current prepayments relate to prepayments for the 2015-16 year and warranty on printers that extend until the 2017-18 year.

21. PAYABLES

Current Payables		
Trade Payables (a)	111,938	290,714
Net Goods and Services Tax Payable	113,969	-
Accrued Expenses (b)	11,000	-
Total Current Payables	236,905	290,714

Payables are aged as follows:

Not Overdue	236,883	279,221
Overdue for less than 30 Days	-	-
Overdue for more than 30 Days and less than 60 Days	-	1,650
Overdue for more than 60 Days	42	9,843
Total Current Payables	236,905	290,714

Classification of ACT Government/Non-ACT Government Payables

Payables with ACT Government Entities		
Trade Payables	86,550	30,393
Accrued Expenses (b)	11,000	-
Total Payables with ACT Government Entities	97,550	30,393

Payables with Non-ACT Government Entities

Trade Payables	25,386	260,321
Net Goods and Services Tax Payable	113,969	-
Total Payables with Non-ACT Government Entities	139,355	260,321
Total Current Payables	236,905	290,714

(a) Payables decreased due to the timely payment of accounts upon receipt.

(b) Telephone expenses have been accrued for the March and June quarters due to the non receipt of accounts for this period.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
22. INTEREST-BEARING LIABILITIES AND FINANCE LEASES		
Finance Leases		
Finance lease commitments are payable as follows:		
Within one year	-	7,043
Later than one year but not later than five years	-	30,280
Later than five years	-	-
Minimum Lease Payments	<u>-</u>	<u>37,323</u>
Less: Future Finance Lease Charges	-	(3,570)
Amount Recognised as a Liability	<u>-</u>	<u>33,753</u>
Add: Lease incentive involved with non-cancellable operating lease	-	-
Total Present Value of Minimum Lease Payments	<u>-</u>	<u>33,753</u>
The present value of the minimum lease payments are as follows:		
Within one year	-	5,311
Later than one year but not later than five years	-	28,442
Later than five years	-	-
Total Present Value of Minimum Lease Payments	<u>-</u>	<u>33,753</u>
The future minimum lease payments for non-cancellable	-	-
Classification on the Balance Sheet		
Interest-Bearing Liabilities		
Finance Leases		
Current Finance Leases	-	5,311
Non-Current Finance Leases	-	28,442
Total Interest-Bearing Liabilities	<u>-</u>	<u>33,753</u>
Due to a change in the whole of government motor vehicle leasing arrangement with SG Fleet, all finance lease were changed to operating leases on 23 April 2015.		

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
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	2015 \$	2014 \$
23. EMPLOYEE BENEFITS		
Current Employee Benefits		
Annual Leave	424,207	373,878
Long Service Leave	857,279	849,242
Accrued Salaries	140,266	174,032
Other Employee Benefits (a)	36,324	108,403
Total Current Employee Benefits	1,458,077	1,505,553
Non- Current Employee Benefits		
Long Service Leave	95,210	83,893
Total Employee Benefits	1,553,287	1,589,446

(a) Other employee benefits is represented by the annual leave loading.

Estimated Amount Payable within 12 months		
Annual Leave	424,207	373,878
Long Service Leave	136,489	41,060
Accrued Salaries	140,266	174,032
Other Employee Benefits	36,324	108,403
Total Employee Benefits Payable within 12 months	737,286	697,371
Estimated Amount Payable after 12 Months		
Long Service Leave	816,001	892,075
Total Employee Benefits Payable after 12 months	816,001	892,075
Total Employee Benefits	1,553,287	1,589,446

At the end of the 2015 financial year, the Public Trustee had 42.8 full time equivalent staff employed (2014-40).

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
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FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
24. OTHER PROVISIONS		
Current Other Provisions		
Provision for Compensation of Trust Clients	-	1,294,919
Provision for Dividends	354,557	91,274
Total Current Other Provisions	<u>354,557</u>	<u>1,386,193</u>
Non-Current Other Provisions		
Provision for Make Good	101,859	99,355
Total Non-Current Other Provisions	<u>101,859</u>	<u>99,355</u>
Total Other Provisions	<u><u>456,415</u></u>	<u><u>1,485,548</u></u>

Provision for Dividends

The Public Trustee has proposed a final dividend of \$354,557 and this amount was appropriately authorised to be paid before the end of the reporting period. This amount will be paid to the ACT Government in the 2015-16 financial year.

Reconciliation of the Provision for Dividends

Balance at the Beginning of the Reporting Period	91,274	153,553
Increase in Provision during the Reporting Period	354,557	91,274
Amount Paid during the Reporting Period	(91,274)	(153,553)
Reconciliation of the Provision for Dividends at the end of the Reporting Period	<u><u>354,557</u></u>	<u><u>91,274</u></u>

Provision for Compensation of Trust Clients

In the financial year ending 30 June 2014, the Public Trustee made a provision for the compensation of Trust Clients for irregularities under investigation. Refer to Note 4 *Irregularities in Trusts Administered by the Public Trustee* and Note 2 u) *Significant Accounting Judgements and Estimates*.

The finalisation of the investigation into irregularities in client account occurred during the 2014-15 financial year and all amounts were paid to Trust clients. Therefore there is no further requirement for a provision.

Reconciliation of the Provision for

Compensation of Trust Clients

Balance at the Beginning of the Reporting Period	1,294,919	-
Increase in Provision during the Reporting Period	85,389	1,294,919
Amount Paid during the Reporting Period	(1,380,308)	-
Reconciliation of the Provision for Compensation of Trust Clients at the end of the Reporting Period	<u><u>-</u></u>	<u><u>1,294,919</u></u>

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

24. OTHER PROVISIONS (CONTINUED)

Provision for Make Good

As disclosed in Note 2 n) *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.

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). It is expected the Public Trustee will exercise the lease option.

	2015 \$	2014 \$
Reconciliation of Provision for Make Good		
Balance at the Beginning of the Reporting Period	99,355	111,263
Decrease in Provision due to Revaluation		
Increment	-	(11,908)
Increase in Provision due to Unwinding of Discount	2,504	-
Balance at the End of the Reporting Period	101,859	99,355

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
25. EQUITY		
Asset Revaluation Surplus		
The Asset Revaluation Surplus is used to record the increments and decrements in the value of plant and equipment.		
Balance at the Beginning of the Reporting Period	481,789	330,240
Increment in Plant and Equipment due to Revaluation to Fair Value	-	139,641
Increment in Make Good as a result of the Decrease in the Provision for Make Good	-	11,908
Total (Decrease) / Increase in Asset Revaluation Surplus	-	151,549
Balance at the End of the Reporting Period	481,789	481,789

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

26. 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. This means a significantly greater proportion of financial assets are subject to floating interest rate arrangements, compared to financial liabilities, limiting the Public Trustee's to movements in the amount of interest receivable.

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 exposure to interest rate risk relating to these financial assets and liabilities is shown below in Note 26 (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 indicating that 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.

There have been no changes in credit risk exposure since last reporting period.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

26. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Liquidity Risk (Continued)

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 reporting period 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 maximum exposure to liquidity risk relating to these financial liabilities is shown below in Note 26 (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 2015 \$	Fair Value 2015 \$	Carrying Amount 2014 \$	Fair Value 2014 \$
Financial Assets				
Cash and Cash Equivalents	6,243,211	6,243,211	4,831,973	4,831,973
Receivables	507,181	507,181	2,468,945	2,468,945
Total Financial Assets	6,750,392	6,750,392	7,300,918	7,300,918
Financial Liabilities				
Finance Leases	-	-	33,753	33,753
Payables	236,905	236,905	290,714	290,714
Total Financial Liabilities	236,905	236,905	324,467	324,467

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

26. 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 2015. 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				Non-Interest Bearing	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	17	3.49%	792,611	5,450,000	-	-	600	6,243,211
Receivables	18		-	-	-	-	457,810	457,810
Total Financial Assets			792,611	5,450,000	-	-	458,410	6,701,021
Financial Liabilities								
Payables	21		-	-	-	-	236,905	236,905
Total Financial Liabilities			-	-	-	-	236,905	236,905
Net Financial Assets			792,611	5,450,000	-	-	221,505	6,464,116

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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 2015

26. 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. Except for 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	Floating Interest Rate	Fixed Interest Maturing In				Total
				1 Year or Less	Over 1 Year to 5 Years	Over 5 Years	Non-Interest Bearing	
			\$	\$	\$	\$	\$	\$
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents	17	3.85%	231,423	4,600,000	-	-	550	4,831,973
Receivables	18		-	-	-	-	2,468,945	2,468,945
Total Financial Assets			231,423	4,600,000	-	-	2,469,495	7,300,918
Financial Liabilities								
Finance Leases Payables	22		-	7,043	30,280	-	-	37,323
	21		-	-	-	-	290,714	290,714
Total Financial Liabilities			-	7,043	30,280	-	290,714	328,037
Net Financial Assets			231,423	4,592,957	(30,280)	-	2,178,781	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 2015

26. 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.

27. COMMITMENTS

The Public Trustee has two operating leases. One for a building and a second in relation to a motor vehicle.

The building lease, with the Molonglo Group, for part of the ground floor of 221 London Circuit Canberra, relates 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).

The motor vehicle lease commenced in 22 October 2014. Due to the change in the whole of government motor vehicle leasing arrangements with SG Fleet on 23 April 2015, this lease was changed to an operating lease on 23 April 2015.

	2015 \$	2014 \$
Non-Cancellable Operating Lease Commitments are Payable as follows:		
Not later than one year	294,871	287,590
Later than one year but not later than five years	13,734	313,146
Later than five years but not later than ten years	-	-
Total Operating Lease Commitments	308,605	600,736

The lease of the Ground Floor 221 London Cct, Canberra terminates on 16 July 2018.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

	2015 \$	2014 \$
28. CASH FLOW RECONCILIATION		
(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.		
Total Cash and Cash Equivalents Recorded in the Balance Sheet	6,243,211	4,831,973
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	6,243,211	4,831,973
(b) Reconciliation of Net Cash (Outflows)/Inflows from Operating Activities to the Operating Surplus		
Operating Surplus	709,111	182,547
Add/(Less) Non-Cash Items		
Depreciation	203,275	148,793
Borrowing costs	2,504	
Add/(Less) Items Classified as Investing or Financing		
(Gain) on derecognition of Finance Lease	(29,750)	-
Loss/(Gain) on disposal of Non-Current Assets	5,014	(6,533)
Loss on derecognition of leased Motor Vehicle	28,309	-
Cash Before Changes in Operating Assets and Liabilities	918,482	324,807
Changes in Operating Assets and Liabilities		
Decrease/(Increase) in Receivables	2,021,498	(2,227,571)
(Increase) in Prepayments	(4,791)	(969)
(Decrease)/Increase in Payables	(53,809)	188,521
(Decrease)/Increase in Provision for Compensation to Trust Clients	(1,294,919)	1,294,919
(Decrease)/Increase in Employee Benefits	(36,159)	216,995
Net Changes in Operating Assets and Liabilities	631,820	(528,105)
Net Cash (Outflows)/Inflows from Operating Activities	1,550,282	(203,298)
Non Cash Financing and Investing Activities		
Acquisition of Motor Vehicles by means of Finance Lease	-	35,728

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

29. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Public Trustee had no Contingent Liabilities or Contingent Assets to declare as at 30 June 2015.

30. EVENTS OCCURING AFTER BALANCE DATE

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

31. BUDGETARY REPORTING

The following are brief explanations of major line item variances between budget estimates and actual outcomes. Variances are considered to be major variances if both of the following criteria are met:

- (a) The line item is a significant line item; the line item actual amount accounts for more than 10% of the relevant associated category (Income, Expenses and Equity totals) or sub-element (e.g. Current Liabilities and Receipts from Operating Activities totals) of the financial statements;
- (b) The variances (original budget to actual) are greater than plus (+) or minus (-) 10% of the budget for the financial statement line item.

Operating Statement Line Items	Actual 2014-15	Original Budget 2014-15	Variance	Variance Explanation
Government Payment for Outputs	\$ 1,062,605	\$ 1,238,000	\$ (175,395)	% -14% There have been less funds required to Administer the Official Visitors Scheme.
User Charges	4,856,205	4,289,000	567,205	13% Commission Income is derived as a function of the value of funds under administration. Due to higher than budgeted overall increase in funds under administration, higher levels of cash have been generated from user charges.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

31. BUDGETARY REPORTING (CONTINUED)

Operating Statement Line Items	Actual 2014-15 \$	Original Budget* 2014-15 \$	Variance	Variance Explanation	
					%
Supplies and Services	1,598,097	1,314,000	284,097	22% In the original budget it was anticipated that the insurance recovery revenue related to the investigation into client irregularities would be offset against expenses. However the expense of compensating trust clients and investigating the irregularities are shown separately.	

* Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2014-15 Statement of Intent). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

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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 2015

31 BUDGETARY REPORTING (CONTINUED)

Balance Sheet Line Items	Actual 2014-15	Original Budget 2014-15	Variance	Variance Explanation
Cash and Cash Equivalents	\$ 6,243,211	\$ 5,418,000	\$ 825,211	% 15% Cash and Cash equivalents are higher as a result of higher than anticipated Operating Revenue.
Plant and Equipment	278,927	217,000	61,927	29% The variance occurred due the increase in the value of assets at 30 June 2014 after revaluation. The impact on Plant and Equipment was not anticipated in the budget.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015

31. BUDGETARY REPORTING (CONTINUED)

Balance Sheet Line Items	Actual 2014-15 \$	Original Budget* 2014-15 \$	Variance	Variance Explanation
Current Payables	236,905	122,000	\$ 114,905	% 94% Payables are higher as a result of higher than anticipated audit fees. GST Payable is higher than budget due to higher than anticipated user charges that attracts GST.
Current Employee Benefits	1,458,077	1,112,000	346,077	31% An increase in the number of staff eligible for long service leave and higher than budgeted staff numbers has resulted in higher than budgeted liability.
Current Other Provisions	354,557	134,000	220,557	165% The dividend payable is based on 50% of the Operating Profit. As the Operating Profit is higher than anticipated, the dividend is higher than budget as well.
Non-Current Employee Benefits	95,210	150,000	(54,790)	-37% The Non-Current employee benefits are lower than budget due to a number of staff now meeting the 7 year service requirement and entitled to claim current long service leave benefits.
Statement of Changes in Equity				These line items are disclosed in other financial statements

* Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2014-15 Statement of Intent). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

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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 2015

31 BUDGETARY REPORTING (CONTINUED)

Cash Flow Statement Line Items	Actual 2014-15	Original Budget* 2014-15	Variance	Variance Explanation
User Charges	\$ 5,027,057	\$ 4,292,000	\$ 735,057	% 17% Commission Income is charged on income earned and this has increased as a result of an increase in dividend income. Overall user charges receipts have increased as a result of an increase in funds under administration.
Insurance Recoveries	2,217,814	-	2,217,814	100% Income and expense relating to the investigation of irregularities in client trust funds is shown separately compared to original anticipation that the insurance recoveries for client irregularities would be offset against expenses.
Supplies and Services	3,095,278	1,303,000	1,792,278	138% The budget anticipated that income and expenses relating to the investigation into the irregularities of trust funds would offset each other. However, expenses are being reported separately in Supplies and Services.

* Original Budget refers to the amounts presented to the Legislative Assembly in the original budgeted financial statements in respect of the reporting period (2014-15 Statement of Intent). These amounts have not been adjusted to reflect supplementary appropriation or appropriation instruments.

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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 2015 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 the 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 the financial statements. If users of the 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 2015 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

The financial statements disclose in Note 3: 'Irregularities in Trust Funds Administered by the Public Trustee' that irregularities were detected in trust funds administered by the Public Trustee and compensation has been paid to trust funds as a result of the investigation of these irregularities.

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.



Malcolm Prentice
Acting Director, Financial Audits
15 September 2015

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
THE SPECIAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

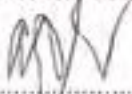
DECLARATION BY TRUSTEE

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 2 to 18, present the Trust's financial position as at 30 June 2015 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 14 September 2015

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**OPERATING STATEMENT - COMMON FUND INTEREST ACCOUNT
FOR THE YEAR ENDED 30 JUNE 2015**

	Note No.	2015 \$	2014 \$
INCOME			
Dividends		2,828,486	2,691,094
Interest		2,724,114	2,653,796
Management Fee Rebate		108,249	59,549
Realised Gain on Investments		6,078,870	-
Reimbursement for Compensation of Trust Clients	3	85,389	1,650,673
Total Income		11,825,108	7,055,112
EXPENSES			
Compensation of Trust Clients	3	85,389	1,650,673
Custodian Fees		24,445	27,408
Realised Gains Distributed to Estates and Trusts		6,078,870	-
Interest Distributed to Estates and Trusts		1,930,175	1,937,874
Dividend Distributed to Estates and Trusts		2,188,870	2,002,298
Management Fees		1,669,070	1,447,227
Total Expenses		11,974,819	7,065,480
OPERATING (DEFICIT)		(149,711)	(10,368)
TOTAL COMPREHENSIVE (DEFICIT)		(149,711)	(10,368)

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 2015**

	Note No.	2015 \$	2014 \$
INCOME			
Interest		79,903	84,888
Reimbursement for Cost Associated with Controls Review	4	4,655	42,543
Total Income		84,558	127,431
EXPENSES			
Consultancy Fees		153,691	17,522
Costs Associated with Controls Review	4	4,655	42,543
Depreciation		14,500	15,250
Commission		3,950	4,138
Management Fees		24,361	22,164
Total Expenses		201,157	101,617
OPERATING (DEFICIT) / SURPLUS		(116,599)	25,814
TOTAL COMPREHENSIVE INCOME		(116,599)	25,814

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 2015**

	Note No.	2015 \$	2014 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	5	83,463,858	80,163,143
Receivables	6	1,300,016	2,558,471
Unrealised Assets	7	107,354,915	94,389,173
TOTAL CURRENT ASSETS		<u>192,118,789</u>	<u>177,120,787</u>
NON-CURRENT ASSETS			
Investments	8	85,110,110	70,274,586
Property	9	280,250	274,750
TOTAL NON-CURRENT ASSETS		<u>85,370,360</u>	<u>70,549,336</u>
TOTAL ASSETS		<u>277,489,149</u>	<u>247,670,123</u>
LIABILITIES			
CURRENT LIABILITIES			
Trust Liabilities	10	4,163,894	2,131,982
Provision for Compensation of Trust Clients	12	-	1,294,919
Other Liabilities	13	63,237	-
TOTAL CURRENT LIABILITIES		<u>4,227,131</u>	<u>3,426,901</u>
NON-CURRENT LIABILITIES			
Estates and Trusts Under Administration	11	270,790,787	241,505,681
TOTAL NON-CURRENT LIABILITIES		<u>270,790,787</u>	<u>241,505,681</u>
TOTAL LIABILITIES		<u>275,017,918</u>	<u>244,932,582</u>
NET ASSETS		<u>2,471,231</u>	<u>2,737,541</u>
EQUITY			
Common Fund Interest Account		(83,317)	66,394
Guarantee and Reserve Account		2,237,770	2,354,369
Asset Revaluation Surplus	14	316,778	316,778
TOTAL EQUITY		<u>2,471,231</u>	<u>2,737,541</u>

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 2015

	Asset Revaluation Surplus 2015	Common Fund Interest Account 2015	Guarantee and Reserve Account 2015	Total 2015
FOR THE YEAR ENDING 30 JUNE 2015	\$	\$	\$	\$
Balance at the Beginning of the Reporting Period	316,778	68,394	2,354,369	2,737,541
Comprehensive Income				
Common Fund Interest Account - Operating (Deficit)	-	(149,711)	-	(149,711)
Guarantee and Reserve Account - Operating (Deficit)	-	-	(116,599)	(116,599)
Total Comprehensive (Deficit)	-	(149,711)	(116,599)	(266,310)
Balance at the End of the Reporting Period	316,778	(83,317)	2,237,770	2,471,231

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2015

	Asset Revaluation Surplus 2014 \$	Common Fund Interest Account 2014 \$	Guarantee and Reserve Account 2014 \$	Total 2014 \$
FOR THE YEAR ENDING 30 JUNE 2014				
Balance at the Beginning of the Reporting Period	316,778	76,762	2,328,555	2,722,095
Comprehensive income				
Common Fund Interest Account - Operating (Deficit)	-	(10,368)	-	(10,368)
Guarantee and Reserve Account - Operating Surplus	-	-	25,814	25,814
Total Comprehensive (Deficit) / Surplus	-	(10,368)	25,814	15,446
Balance at the End of the Reporting Period	316,778	66,394	2,354,369	2,752,987

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2015**

	Note No.	2015 \$	2014 \$
Cash flows from Operating Activities			
Receipts			
Interest		2,891,480	2,813,048
Dividends		2,781,217	3,178,295
Reimbursement for Cost Associated with Controls Review		10,060	33,250
Reimbursement for Compensation of Trust Clients		1,380,308	355,754
Total Receipts from Operating Activities		<u>7,063,085</u>	<u>6,380,347</u>
Payments			
Management and Other Fees		1,239,829	1,464,656
Cost Associated with Controls Review		7,585	40,078
Total Payment from Operating Activities		<u>1,247,414</u>	<u>1,504,734</u>
Net Cash Inflows Operating Activities	16	<u>5,815,671</u>	<u>4,875,613</u>
Cash Flows from Investing Activities			
Receipts			
Proceeds from the Sale/Maturity of Investments		29,197,472	4,000,000
Total Receipts from Investing Activities		<u>29,197,472</u>	<u>4,000,000</u>
Payments			
Purchase of Investments		40,196,622	7,246,540
Total Payments from Investing Activities		<u>40,196,622</u>	<u>7,246,540</u>
Net Cash (Outflows) from Investing Activities		<u>(10,999,150)</u>	<u>(3,246,540)</u>

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 2015**

	Note No.	2015 \$	2014 \$
Cash Flows from Financing Activities			
Receipts			
Receipts from Trusts and Estates		68,463,766	62,468,302
Total Receipts from Financing Activities		<u>68,463,766</u>	<u>62,468,302</u>
Payments			
Payments to Trusts and Estates		59,979,572	56,243,401
Total Payments from Financing Activities		<u>59,979,572</u>	<u>56,243,401</u>
Net Cash Inflows from Financing Activities		<u>8,484,194</u>	<u>6,224,901</u>
Net Increase in Cash and Cash Equivalents		3,300,715	7,853,974
Cash and Cash Equivalents at Beginning of the Reporting Period		80,163,143	72,309,170
Cash and Cash Equivalents at End of the Reporting Period	5	<u><u>83,463,858</u></u>	<u><u>80,163,143</u></u>

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

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 30 June 2015 and the results of these operations for the year ended 30 June 2015.

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 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

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.

Interest

Interest revenue is recognised using the effective interest method.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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 the 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. Property 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

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

(h) 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.

(i) 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.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Significant Accounting Judgments and Estimates

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

In the Financial Statements for the year ended 30 June 2014, the Public Trustee disclosed the identification of irregularities in Trust Funds administered by the Public Trustee (Public Trustee Trust Account). The irregularities related to client financial accounts maintained under order of the ACT Civil and Administrative Tribunal and under Enduring Power of Attorney.

In 2013-14, a provision of \$1,294,919 was recorded for the estimated cost of reimbursements for irregularities detected in Trust Funds administered by the Public Trustee.

In the 2014-15 financial year a further \$85,389 was identified as irregular transactions and reimbursed to client accounts. The total amount reimbursed was \$1,736,062 as discussed in Note 3 *Irregularities in Trust Funds Administered by the Public Trustee*. The investigation of client accounts is now complete, all clients have been fully compensated. It is estimated that no further payments will be required.

(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 30 June each financial year based on current market values of investments and all other assets are valued at cost. This valuation uses significant judgments and estimates of investments to determine the fair value of investment unit based assets.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2015

3. IRREGULARITIES IN TRUSTS FUNDS ADMINISTERED BY THE PUBLIC TRUSTEE

In 2013-14, 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. KPMG Forensic completed their investigation in October 2014 and the investigation by ACT Policing is ongoing.

The Public Trustee has a fidelity insurance policy with the ACT Insurance Authority (ACTIA). Under this insurance policy, the Public Trustee has claimed for expenses incurred in relation to the investigation of irregularities and the reimbursements to trust accounts, including any loss of interest.

Significant judgments were made in estimating the cost of compensating Trust Clients in the Financial Statements for the year ended 30 June 2014 and an estimated cost of \$1,294,919 was recorded as a Provision for Compensation of Trust Clients (Note 12 Provision for Compensation of Trust Clients) and a corresponding receivable from the Public Trustee.

In 2014-15, \$1,380,308 (\$355,754 in 2013-14) was received from the Public Trustee for the ACT (the Public Trustee) relating to insurance recoveries and \$1,380,308 (\$355,754 in 2013-14) was compensated to Trust Clients.

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

	2015 \$	2014 \$
INCOME		
Reimbursement for Compensation of Trust Clients	85,389	1,650,673
EXPENSES		
Compensation of Trust Clients	85,389	1,650,673

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

4. COSTS ASSOCIATED WITH CONTROLS REVIEW

In the Financial Statements for the year ended 30 June 2014, the Public Trustee disclosed that they had 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 contract with KPMG Forensic to review existing controls was completed in October 2014.

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

	2015 \$	2014 \$
INCOME		
Reimbursement for Cost Associated with Controls Review	4,655	42,543
EXPENSES		
Costs Associated with Controls Review	4,655	42,543
NET EXPENSES	<u>-</u>	<u>-</u>

5. CASH AND CASH EQUIVALENTS

Cash at bank - Common Fund	17,372	12,330
Cash at bank - General Reserve	11,486	25,813
Investments - Common Fund	81,105,000	77,770,000
Investments - General Reserve	2,330,000	2,355,000
Total Cash and Cash Equivalents	<u>83,463,858</u>	<u>80,163,143</u>

6. RECEIVABLES

CURRENT

Receivable from Public Trustee for the ACT for Compensation of Trust Clients (a)	-	1,294,919
Receivable from Public Trustee for the ACT for Controls review (b)	-	5,425
Interest Receivable(c)	544,385	631,848
Dividend Receivable (d)	689,679	622,411
Management Fee Rebates Receivable (e)	29,767	-
Gifts Receivable (f)	20,600	-
Reduced Input Tax Credits (g)	35,585	3,868
Total Receivables	<u>1,300,016</u>	<u>2,558,471</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

6. RECEIVABLES (CONTINUED)

(a) As a result of the finalisation of the investigation into irregularities in client accounts there is no further amounts are receivable.

(b) The review of controls was completed in October 2014. There is no further amounts receivable.

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

(d) Dividend Receivable has increased as a result of an improved investment market together with an increase in the asset base earning dividends.

(e) In previous years these rebates were not accrued.

(f) Gifts receivable have increased. This relates to the Capital Region Community Foundation clients and are received through a third party. As a result of timing issues, funds were not actually received from the Third Party until July 2015.

(g) In previous years the Reduced Input Tax Credits were not accrued for the Interest and Guarantee and Reserve Accounts at 30 June.

	2015 \$	2014 \$
7. UNREALISED ASSETS		
Properties at cost:		
Real Estate	43,409,859	45,169,675
Total Properties at cost	<u>43,409,859</u>	<u>45,169,675</u>
Unit based assets - at fair value:		
Shares	13,421,768	7,370,481
Superannuation Policies	259,753	32,788
Managed Funds	14,160	24,881
Property and Unit Trusts	633,259	745,549
Total unit based assets - at fair value	<u>14,328,940</u>	<u>8,173,699</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
7. UNREALISED ASSETS (CONTINUED)		
Other assets at cost:		
Nursing Home/Retirement Village Bonds	8,350,969	6,617,795
Superannuation Policies	36,094,919	28,887,219
Prepaid Funerals	134,420	66,133
Managed Funds	554,732	565,780
Investments	4,213,546	4,762,480
Personal Effects	267,530	156,392
Total Other assets at cost	<u>49,616,116</u>	<u>41,055,799</u>
Total Unrealised Assets	<u>107,354,915</u>	<u>94,399,173</u>

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.

The increase in unrealised assets is a result of:

- An increase in the client number and resulted in an increase in the value of assets; and
- More accurate recording of existing assets as a result of new controls having been introduced following a review of client accounts.

8. INVESTMENTS		
Australian Equities Common Fund	32,221,671	27,850,690
Australian Fixed Interest Common Fund	31,036,323	24,119,805
Australian Listed Property Common Fund	7,246,118	5,956,552
International Equities Common Fund	14,605,998	12,547,539
Total Investments	<u>85,110,110</u>	<u>70,274,586</u>
9. PROPERTY		
Leasehold Building	335,750	335,750
Less: Accumulated Depreciation	<u>(75,500)</u>	<u>(61,000)</u>
	<u>260,250</u>	<u>274,750</u>
Total Property	<u>260,250</u>	<u>274,750</u>

An independent valuation of the Public Trustee warehouse at Mitchell was performed as at 30 June 2013. The next valuation is due to be performed on 30 June 2016.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

	2015 \$	2014 \$
10. TRUST LIABILITIES		
Mortgages	2,399,140	1,199,768
Funeral Expenses	49,357	15,558
Bank Loans and Credit Cards	195,909	58,664
Medical/Dental Costs	35,092	36,577
Property/Utility Costs	29,858	48,507
Personal Expenses	51,884	38,109
Accommodation/Rent	390,918	54,282
Sundry Debts	230,446	65,704
Dividends to be Distributed	515,757	385,204
Accrued Income Commission	28,343	21,262
Accrued Management Fees	237,190	208,347
Total Trust Liabilities	4,163,894	2,131,982

The increase in trust liabilities is a result of:

- An increase in the number of clients; and
- More accurate recording of liabilities as a result of new controls having been introduced following a review of client accounts.

11. ESTATES AND TRUSTS UNDER ADMINISTRATION

Unclaimed Monies	26,828,455	23,704,935
Capital Region Community Foundation - Gift Fund	10,062,767	9,280,472
Capital Region Community Foundation - Open Fund	6,194,830	3,926,036
Estates and Trusts	227,704,735	204,594,238
Total Estates and Trusts Under Administration	270,790,787	241,505,681

As a result of an increase in client numbers and the value of their assets, Estates and Trusts under administration have increased.

**12. PROVISION FOR COMPENSATION OF TRUST CLIENTS
CURRENT**

Provision for Compensation of Trust Clients	-	1,294,919
Reconciliation of the Provision for Compensation of Trust:		
Balance at the Beginning of the Reporting Period	1,294,919	-
Increase in Provision during the Reporting Period	85,389	
Amount Paid during the Reporting Period	(1,380,308)	-
Balance at the end of the Reporting Period	-	-

The investigation into irregularities in client accounts was completed in the 2014-15 financial year. There is no balance carry forward for future years.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

13. OTHER CURRENT LIABILITIES

Trade creditors	37,408	-
Accrued expenses	25,829	-
Total Other Current Liabilities	63,237	-

Trade Creditors and Accrued expenses relate to the upgrade of computer software. In 2014-15 the Public Trustee contracted Ultradata Australia P/L to upgrade their Trust Accounting software "TACT". In June 2015 there were accounts issued in regard to the upgrade that were not paid by year end. The cost of the upgrade is being paid by the Guarantee and Reserve account.

14. ASSET REVALUATION SURPLUS

Asset Revaluation Surplus		
Balance at the Beginning of the Reporting Period	316,778	316,778
Increase in the Asset Revaluation Surplus	-	-
Balance at the End of the Reporting Period	316,778	316,778

15. EVENTS OCCURING AFTER BALANCE DATE

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST
ACCOUNT**

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2015**

16. CASH FLOW RECONCILIATION

(a) Reconciliation of Cash and Cash Equivalents at the end of the Financial Year in the Cash Flow Statement to the Equivalent Items in the Balance Sheet

	2015 \$	2014 \$
Cash at Bank	83,463,858	80,163,143
Total Cash and Cash Equivalents	83,463,858	80,163,143

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

Operating (Deficit) - Common Fund	(149,711)	(10,368)
Operating (Deficit) / Surplus - Guarantee and Reserve Account	(116,599)	25,814

Add/(Less) Non-Cash Items

Depreciation	14,500	15,250
Management Fee Rebate	(108,249)	(59,549)
Interest Distributed to Estates and Trusts	1,930,175	1,937,874
Dividends Distributed to Estates and Trusts	2,186,870	2,002,298
Net Cash Inflow Before Changes in Operating Assets and Liabilities	3,756,996	3,911,319

Changes in Operating Assets and Liabilities:

Decrease / (Increase) in Receivables	1,258,455	(742,647)
(Decrease) / Increase in Provision of Compensation to Trust Clients	(1,294,919)	1,294,919
Increase in Trust Liabilities	2,031,912	412,022
Increase in Payables	63,237	-

Net Change in Operating Assets and Liabilities	2,058,685	964,294
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Net Cash Inflows from Operating Activities	5,815,671	4,875,613
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PUBLIC TRUSTEE INVESTMENT BOARD



PUBLIC TRUSTEE FOR THE ACT PUBLIC TRUSTEE INVESTMENT BOARD

ANNUAL REPORT 2014-15

I am pleased to report on the activities of the Public Trustee Investment Board for 2014-15.

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.46 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 generally made on a staggered basis where practicable.

The membership of the board during 2014-15 was as follows—

Mr Andrew Taylor	- Senior Member
Mr Tom Babic	- Expires 2 March 2016
Ms Christine Goode	- Expires 2 March 2016
Mr Thach Huynh	- Expires 2 March 2017
Mr Patrick McAuliffe	- Expires 2 March 2016

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 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 Altservices 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, Asset Liability Management, Economic and Financial Group, Treasury, Chief Minister, Treasury and Economic Development 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 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 Thach 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. On the transition of management of the Public Trustee's Australian Equities Common Fund from active to passive fund management, the Board advised that a quarterly report was no longer necessary and that PwC would in future report on an annual basis with a 5-yearly strategy review.

THE YEAR IN REVIEW

The year in review from an investment perspective was pleasing with investment markets represented by PTACT common funds again 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 PwC. 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	19.08.2014	18.11.2014	17.02.15	19.05.15
Andrew Taylor	✓	X	✓	X
Tom Babic	✓	✓	✓	✓
Christine Goode	✓	✓	✓	X
Patrick McAuliffe	X	✓	✓	✓
Thach Huynh	✓	✓	✓	✓

OUTCOMES

No new appointments were made during the year to the Public Trustee Investment Board. It was however noted that Christine Goode and Tom Babic have indicated their inability to continue on the Board beyond their current terms.

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

- Oversight and advice of the transition from an active manager to a passive manager for the Public Trustee's Australian Equities Common Fund. The Board considered PTACT's advice of the financial effect on clients of a transfer to passive management and advised that the transfer proceed.
- The Board considered a report on the issue of maintaining the existing hedged structure in the Public Trustee's International Equities Common Fund and advised that it be maintained as it provides the best total return out of three possible scenarios.
- The Board considered the value of continued quarterly reports on the performance of PTACT Common Fund managers from its asset/markets consultant and recommended that, with all Common Funds being under passive management, future reports should only be annual. A five-yearly investment strategy review would continue. PTACT will continue to source ad hoc reports from the consultant as required.
- Board agreed to adjust Common Funds and Risk Models Performance Reports to include before and after fees as well as a statement advising the purpose of the report and explanation of benchmarks.
- Board recommended that PTACT undertake an independent review of its Cash Common Fund strategy. PTACT agreed to undertake this as part of its Audit Strategy.
- PTACT agreed to introduce Standard Risk Measures to PTACT Risk Allocation Models.
- During the year the Board noted and agreed to rate adjustments in respect to the Cash Common Fund as follows -

- 19 August 2014	2.50%	- applicable from 1 August 2014
- 18 November 2014	2.45%	- applicable from 1 December 2014
- 17 February 2015	2.35%	- applicable from 1 February 2015
- 19 May 2015	2.10%	- applicable from 1 May 2015.

LOOKING FORWARD

I record my thanks to Board members Christine Goode, Tom Babic, Thach Huynh and Patrick McAuliffe together with Deputy Public Trustee Doug Gillespie, Deputy Public Trustee & Finance Manager Joanne Thompson, Acting Deputy Public Trustee David Stenhouse and Investments Officer Stefan Dzwonnik as well as PwC for their valuable advice and contribution to the Board during 2014/15.

Andrew Taylor
**SENIOR MEMBER/
 PUBLIC TRUSTEE**

OFFICIAL VISITORS BOARD

OFFICIAL VISITOR SCHEME

OFFICIAL VISITORS BOARD ANNUAL REPORT 2014-15

I am pleased to report on the activities of the Official Visitors Board for 2014-15.

THE BOARD

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

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

The OVs Board has the following functions under the Act –

- arrange training for OVs;
- facilitate interaction between OVs;
- arrange for the provision of administrative assistance to OVs; 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*; and
- *Mental Health (Treatment and Care) Act 1994*.

The Board is required to meet at least twice each year. During the reported year, the Board met on 26 August 2014 and 14 April 2015.

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 OVs, chosen by the OVs as their representatives.

S.23B(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 and meeting attendances during the reported year was as follows -

MEMBER	NATURE OF APPOINTMENT	MEETING: AUG 2014	MEETING: APRIL 2015
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 OV under the <i>Mental Health (Treatment and Care) Act 1994</i>	✓	✓
Ms Tracey Whetnall	OV under the <i>Children and Young People Act 2008</i> and <i>Corrections Management Act 2007</i> .	✓	✓

PTACT staff members Callum Hughes and Jennifer Woolrych attended meetings in the capacity as Finance Officer and Secretary respectively.

THE YEAR IN REVIEW

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

No interests were reported by any member at either meeting.

MEETING - 26 AUGUST 2014

Administrative

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

Appointments process

Action had commenced to re-appoint Ms Barralet and Mr Pickles for further terms as OVs for the purposes of the *Mental Health (Treatment and Care) Act 1994*. A further three expiries of appointments were also flagged. Chair outlined proposed new JACS centralised appointments process.

Funding and remuneration.

The budget for OV remuneration and expenses for 2013-14 was underspent by \$175,000. This represents saving on the introduction of the revised scheme. The Remuneration Tribunal had reviewed the determination applicable to OVs and back-pay would be made.

The issue of the annual remuneration for the OV for Children and Young People was raised and will be rectified upon expiry of the appointment of the incumbent.

Communication

Website - website completed and working effectively.

Flyers - 3,000 flyers printed and circulated.

Business cards - generic business cards printed and circulated.

1800 phone line - organised as central contact point.

Posters - Posters to be produced on finalisation of 1800 number.

Parking permits - OVs to be provided with Government Parking permits.

Request from Minister for Health regarding visits by Mental Health OV's to Alexander Maconochie Centre

Board organised familiarisation visits for Mental Health OV's to the AMC in the event that they are called to attend as a visitable place.

Safety Rehabilitation and Compensation Act 1998

Board advised that matter of OV coverage for workplace health and safety issues and compensation were referred to the ACT Government Solicitor for advice.

Training

First training day for OV's scheduled for Tuesday, 18 November 2014

Reporting Issues

Standard template for OV's quarterly reports to be prepared. The requirements of the *Health Records (Privacy and Access) Act 1997* in respect to record keeping by OV's was noted for further action and advice.

FINANCIAL MATTERS

Funding for the administration of the OV scheme by the Public Trustee and the Board and for remuneration of OV's was provided as part of Government Payment for Outputs for the reported year.

Funding received for administrative purposes	\$103,610.00
GPO - Official Visitors	\$414,390.00
Total Funding received	\$518,000.00
Expenditure by Public Trustee on administration	\$103,610.00
Expenditure by Public Trustee on remuneration	\$242,208.97
Net underspend by Public Trustee	\$172,181.03

MEETING - 14 APRIL 2015

Appointments Schedule

Re-appointment of the following OV's was completed -

- Pamela Burton (Mental Health)
- Narelle Hargreaves (C&YP)
- Tracey Whetnall (C&YP)
- Judy Putt (Corrections)

Community Services Directorate advised that a further OV for the purposes of the Children and Young People Act 2008 was being considered.

Revised Determination and Back-pay

Determination 11 of 2014 of the ACT Remuneration Tribunal had been made and commenced and back-pay completed.

OV/ Community Visitor Contact Arrangements

Contacts for OV Schemes for SA, NSW and VIC were circulated to OV's

TTY Phone

A teletypewriter (TTY) phone was installed at PTACT to assist persons with a hearing disability in contacting OV's.

Training

Second OV Training Day to be held in November 2015.

Records Management Issues

Board noted guidelines from the Territory Records Office that OV's records be dealt with as part of the Advocacy Services Records. Board agreed to write expressing concerns.

Susan Salthouse named Canberra Citizen of the Year 2015

Susan Salthouse, an OV for Disability, was named 2015 Canberra Citizen of the Year.

Other issues

Board responded to a request by the Children and Young People Commissioner, to prioritise the Children and Young People entry on the 1330 OV response line.

LOOKING FORWARD

The Board will hold its second Annual OV Training Day in November 2015.

The Board has also agreed to follow up on an OV reporting tool developed by People Pulse in South Australia and in use by the South Australian OV Program.

I record my thanks to Board members Dr Helen Watchirs, Ms Mary Durkin, Ms Sue Connor and Ms Tracey Whetnall as well as to Jennifer Wooltych and Callum Hughes for administrative and financial support.

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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