



**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

# ANNUAL REPORT 2010 - 2011



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## **ANNUAL REPORT 2010 - 2011**

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## TRANSMITTAL CERTIFICATE



### **PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**

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9 August 2011

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 2011.

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 2010-2011 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 this 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 2010 to 30 June 2011 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 2, Part 2.4.

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

Yours sincerely

Andrew Taylor  
**PUBLIC TRUSTEE**

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## CHIEF EXECUTIVE'S RETROSPECTIVE 2010-11

In my last annual report I foreshadowed that PTACT would continue to develop the commercial aspects of its business to achieve financial self-sufficiency. The close of 2009-10 marked the end of PTACT's 25th year and fittingly, 2010-11 heralded strong recovery from the Global Financial Crisis (GFC). PTACT's solid financial position ensured that the office was well-placed to benefit from the recovery of financial markets, recording its best financial result since establishment in 1985. PTACT is close to returning to government an after-costs dividend equal to the amount of funding provided at the commencement of the year, making the operation of the Public Trustee almost cost-neutral. In doing so, PTACT subsidises the high and increasing cost of its Community Service Obligations.

The achievement of this milestone is a reflection of the maturity of PTACT as an independent ACT Government statutory body. However, whilst financial performance is significant, of equal or greater significance is the increasing value of PTACT's services across all levels of the ACT Community. Accordingly, our aim is not to generate profits but to deliver the highest standard in trustee services to government and the community.

PTACT provides immense social good to members of the ACT community and, whilst the nub of our work is to manage our clients' assets, it's the daily interaction with significant personal issues that makes us different.

From an investment/funds management perspective, PTACT welcomed the appointment of Tom Babic and the re-appointment of Glenys Roper to the Public Trustee Investment Board. PTACT appointed PricewaterhouseCoopers Australia to provide asset/markets consulting services to the Board. A review of fund managers during the year resulted in the transition of fund management for the Public Trustee's Listed Property Fund to Vanguard with the valued assistance of ACT Treasury.

PTACT seeks to influence and make a difference within the JACS Directorate. At the 2011 JACS Strategic Review retreat, PTACT considered along with other JACS Directorate agency heads –

- JACS Directorate biennial staff survey results for 2010;
- Hawke review "Governing the City State";
- how to best deliver the Government's priorities to make sure that Canberra is a fair, safe and peaceful community;

and undertook Aboriginal Cross Cultural Training. During the year I accepted the role of Executive Sponsor for the JACS Directorate in respect to the rollout of the ACT Government's Respect, Equity and Diversity (RED) Framework.

PTACT's fees and charges were structurally reviewed outside of the annual indexation process. This three-yearly review seeks to thoroughly review all fees to ensure compatibility with current business structures, market conditions, other jurisdictions and like services and resulted in an increase in the Public Trustee's maximum hourly rate.



In October 2010, PTACT simultaneously hosted national meetings of Public/State Trustees and AGAC (Australian Guardianship and Administration Council) in Canberra. Public Trustees agreed to form a Public/State Trustees' forum through which their services can be developed through best-practice and their value proposition promoted through an umbrella website. ACAC considered and responded to a number of national/international initiatives including -

- Mutual Recognition of Enduring Powers of Attorney and Tribunal orders
- National Standards for Financial Decision-Making and Guardianship
- Productivity Commission inquiry "Caring for Older Australians"
- National Framework for Advance Care Directives
- Yokohama Declaration.

AGAC was addressed by the ACT Human Rights Commissioner Dr Helen Watchirs OAM and Mr Iain Scott – Assistant Secretary, Prudential and Approved Provider Regulation Branch, Office of Aged Care Quality and Compliance, Department of Health and Ageing.

PTACT prepared and lodged in the order of 1,000 income tax returns in 2010-11 with 70% prepared and lodged electronically using PTACT's ATO tax portal software. In 2011-12 PTACT will seek to introduce one-stop Will appointments for most Will clients. We will implement the completed Precedent Management System as well as develop a new web-based Unclaimed Moneys System. We will also improve our Trust Accounting System 'TACT' by acquiring Tactics and an Auto Shares Update System. During 2010-11 the ACT Supreme Court approved the Public Trustee's proposal to store and evidence a legal, signed Will in electronic form. In this regard, we will investigate the introduction of a modern document management system.

GreaterGood - The Capital Region Community Foundation, established and operated by the Public Trustee, continues to go from strength to strength. On 31 August 2010, GreaterGood held an event to mark the distribution of its millionth dollar to charity since establishment in 2003. The corpus increased from \$6.28M at the end of 2009-10 to \$7.38M at 30 June this year. GreaterGood will distribute \$345,000 to charities in 2011.

PTACT contributed to the ACT Government's ACT Strategic Plan for Positive Aging 2010-2014, providing monthly editorials of interest to seniors through the Canberra Times' Start Living supplement as well as publicizing GreaterGood through a lift-out in August 2010. PTACT conducted 12 seminars on Wills and EPAs to community groups including a free public seminar during Seniors Week in March 2011.

PTACT's staff carries significant workloads as the complexity and volume of demand for services continues to increase in line with the ACT's ageing community demographic. Despite these increases PTACT staff overwhelmingly reported PTACT to be a truly great place to work in the 2010 biennial JACS Directorate staff survey conducted externally. In 2011 we expanded and revitalised our premises signing a new six-year lease with a five year option, and extending our floor space.

I am indebted to the excellence of PTACT's staff, who can collectively take credit for our excellent performance this year. I also acknowledge the people that help to make our work possible including the Director-General, Directorate of Justice and Community Safety - Kathy Leigh, Deputy Director-General – Alison Playford and JACS staff, members of the PTACT Investment Board as well as the members of the GreaterGood board.



Andrew Taylor  
**PUBLIC TRUSTEE/  
CHIEF EXECUTIVE**





**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **SECTION A**

## **PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING**

## A.1 THE ORGANISATION

### WHO WE ARE

The Public Trustee for the ACT (PTACT) is an independent statutory office within ACT Government established under the *Public Trustee Act 1985*.

### WHAT WE DO

Public Trustees exist in all states/territories to ensure that our communities have access to professional, affordable trustee services including -

- Will preparation where appointed as Executor.
- 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 under government and non-government trusts.
- Investment Services - Provide investment services under the 'Prudent Person Investment Rule' in the *Trustee Act 1925*.
- Confiscated Criminal - Administer assets restrained under the *Confiscation of Criminal Assets Act 2003*.
- Receive, invest and manage claims for unclaimed moneys
- Examine accounts prepared by private financial managers appointed by ACAT.
- As trustee, operate GreaterGood - The Capital Region Community Foundation.

### WHY DOES THE COMMUNITY NEED A PUBLIC TRUSTEE?

By establishing an agency that promotes and provides trustee services that can be accessed by any member of the community, the burden of personal financial management and estate administration does not fall to the rest of the community.

### OUR VISION

We aspire to be the ACT community's first choice for trustee services.

### OUR VALUES

PTACT has a clear set of corporate values which are applied to all touch points in the organisation. We strive to deliver value through honesty, professionalism and accountability and to consistently exceed client expectations.

### OUR STRUCTURE

PTACT is a government-owned statutory authority accommodated in one centrally located office in the City Centre.



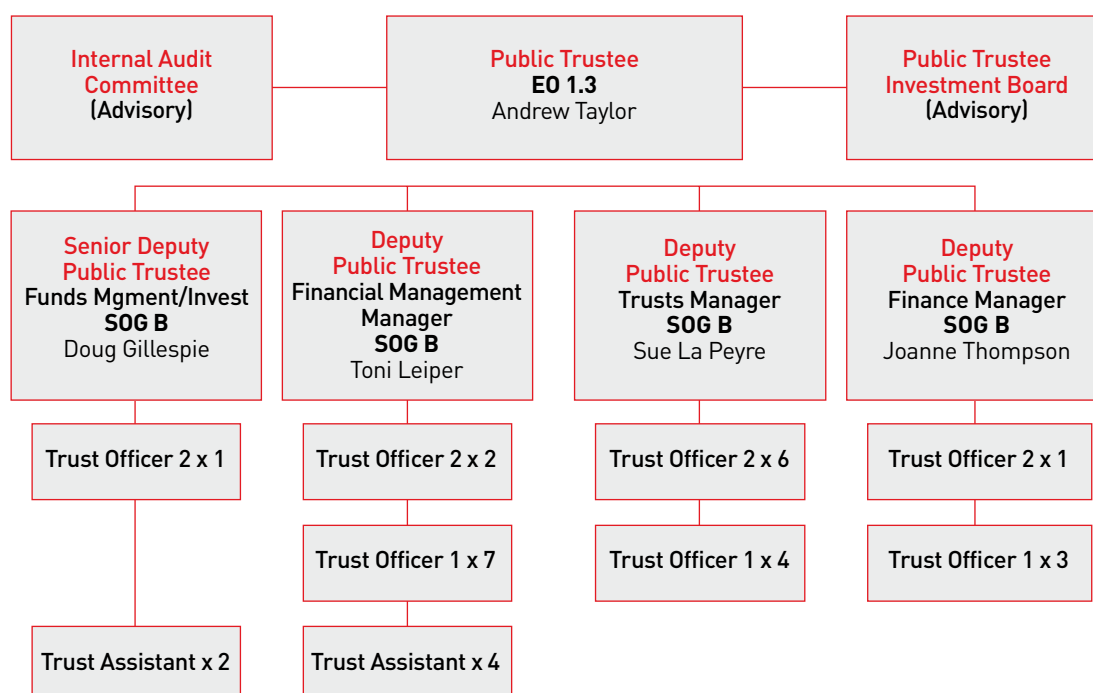
Each of our four business units is headed by a Deputy Public Trustee who, together with the Public Trustee, form a Management Committee. A Senior Deputy Public Trustee is responsible for the Public Trustee's significant investment and fund management services.

The Public Trustee Investment Board established under the Public Trustee Act 1985 provides investment advice to the Public Trustee.

PTACT's Audit Committee comprises a number of business unit representatives as well as the Chief Executive, ACT Long Service Leave Authority, Mr Phil Collins.

PTACT is essentially self-funding with minimal base appropriation provided directly by ACT Treasury under a Statement of Intent. PTACT is administratively attached to the JACS Directorate subject to a Memorandum of Understanding.

Our Organisation Chart is set out below -



PTACT's Staff Profile is described in detail under C.7 in this report.

## OUR CLIENTS

PTACT's clientele is a cross-section of the ACT community, comprising vulnerable people who need a trusted long-term representative as well as people at every socio-economic level who need Will drafting, Enduring Power of Attorney and Estate/Trust administration services. PTACT also provides fund management services to government. Through our charitable foundation GreaterGood, we aim to "Link Good People with Good Causes" and accordingly our clientele includes philanthropists as well as charitable organisations.

## OUR STAKEHOLDERS

Our stakeholders have both representative and educative expectations of us. Our principal stakeholders are the ACT Attorney General, the ACT Treasurer, the Director-General Justice and Community Safety Directorate and the ACT community.

We partner with the Public Advocate of the ACT and the ACT Civil and Administrative Tribunal (ACAT) in the provision of our services. A PTACT representative attends ACAT hearings under the *Guardianship and Management of Property Act 1991* on a weekly basis.

Non-government agencies committed to achieving outcomes for intellectually disabled persons, also have an interest in our outcomes and we work closely with these agencies to ensure the best result for our clients.

Public Trustees in other jurisdictions have an interest in the Public Trustee for the ACT upholding and promoting the professionalism and high level of integrity of the Australian Public Trustee branding generally.

## A.2 OVERVIEW

### HOW WE PERFORMED IN SUMMARY

The performance of our funds is discussed more fully under "Funds Management" in Section A.9 of this report.

PTACT's 2010-11 Business Plan identified Key Result Areas and Strategic Priorities. Our performance against these objectives is set out in the following table –

The year represents a significant milestone for PTACT in achieving financial independence. PTACT recorded Total Revenue of \$5,007,132 for the year with an operating surplus of \$1,176,552 and a dividend payable to ACT Treasury of \$588,276. PTACT's expenses were \$126,420 below estimate and \$48,110 above expenses for 2009-10.

PTACT had an extremely busy year recording unprecedented levels of business. In particular, PTACT recorded increases in the quantum of funds under management. This, combined with the return of investment markets and sustained property values, has provided PTACT with its best year on record.

Variance in business statistics for Wills and low value trusts were consistent with statistics across the industry and do not reflect the significant effort made by PTACT to promote the value of having an up to date Will.

In 2011-12, PTACT will hold a “Wills Week” promotion to further highlight the need for persons to take responsibility for this important matter in their lives.

The assets invested in GreaterGood for community benefit increased from \$6.28M at the end of 2009-10 to \$7.38M at 30 June this year.

## OUR PLANNING FRAMEWORK AND DIRECTION SETTING

We have a dual planning and accountability framework reporting to the Director-General Justice and Community Safety Directorate, whilst financially accountable to the Treasury Directorate.

Planning responsibilities are undertaken through a Management Committee representing all business units. PTACT’s Performance Management Plan is closely linked to the strategies contained in the Business Plan.

Our direction is established by a Statement of Intent with the Treasury Directorate and an MOU with JACS as well as by PTACT’s annual Business Plan.

PTACT participates in the strategic planning and management of JACS through Directorate forums including JACSCOM and Statutory Office-Holders (SOHO).

Another important element of our strategic planning framework is the Public Trustee Investment Board which establishes and varies policy in respect to investment and funds management.

As trustee for GreaterGood - The Capital Region Community Foundation, the Public Trustee is responsible for the strategic direction of the foundation. In June 2011, a restructure of the Foundation was completed with a revised board of seven appointed.

## OUR ORGANISATIONAL ENVIRONMENT

The Public Trustee reports directly to the Director-General, Justice and Community Safety Directorate and has responsibilities to the Treasury Directorate, however in respect to trust matters, is an independent statutory body.

PTACT does not have the organisational issues confronting many other Public Trustees however, given our size and concentrated population, PTACT delivers trustee services across a more diverse suite of trustee responsibilities including unclaimed moneys, management of government trust funds and confiscated criminal assets as well as through our Community Foundation.

PTACT has a strong organisational relationship with a number of Justice and Community Safety Directorate agencies and works closely with the Directorate on matters of common interest including legislative reform, trust administration and funds management and investment. In respect to our statutory trust activities however, the Public Trustee has autonomy and independence. A Memorandum of Understanding has been established between the Public Trustee and the Director-General JACS Directorate establishing an understanding and expectations in relation to the financial and corporate arrangements between PTACT and JACS.

Our executive has a flat management structure, representative of our four main business areas and of the specialised nature of our activities.



Organisationally, PTACT is largely self-contained however IT services are provided by the ACT Government's IT Service Provider, Shared Services ICT.

## RESPONSE TO SIGNIFICANT ORGANISATIONAL CHANGE/REVISION TO ADMINISTRATIVE ARRANGEMENTS

PTACT has not experienced any significant organisational change during 2010-11.

By agreement between the Commonwealth/States/Territories responsibility for the administration of unclaimed superannuation moneys has been transferred to the Commonwealth. Following the enactment of the *Justice and Community Safety Legislation Amendment Act 2010 (No 4)* on 14 December 2010, the Public Trustee transferred an amount of \$933,525.00, representing the balances of 479 separate accounts, to the Commissioner for Taxation on 11 March 2011.

## ADMINISTRATION OF LEGISLATION

The Public Trustee's powers and responsibilities are established by the *Public Trustee Act 1925* and the *Trustee Act 1925* as well as other ACT and Commonwealth legislation.

The laws that empower and govern the activities of the Public Trustee as a trustee are listed at Section B.4 of this report. The Public Trustee has no regulatory activities.

## SUBSIDIARIES, JOINT VENTURES AND PARTNERSHIPS

PTACT has no subsidiaries, joint ventures or partnerships, however strong collaborative relationships are maintained with a number of agencies as reported under B1 of this report.

## A.3 HIGHLIGHTS

### OPERATIONAL ACHIEVEMENTS

The following operational achievements reflect our progress against strategic outputs and service delivery priorities.

A significant portion of PTACT's revenue is derived from user charges in the form of income commission and management fees. With the return of investment markets, as well as a buoyant property market for much of the year, PTACT's financial performance has dramatically turned around.

Highlights are as follows -

- Close to financial self-sufficiency for the first time.
- Income for 2010-11 was the highest recorded for PTACT since establishment.
- End of year financial result of \$1,176,552 against a budget of (\$250,000) and representing a turnaround from (\$87,276) in 2009-10.
- Funds under Management increased from \$199.9M to 274.36M, up 16.32% from \$235.9M in 2009-10.
- Developed Precedent Management database.

- Significant increase in court appointed disability trusts.
- GreaterGood distributed its millionth dollar to ACT charity since 2003 and \$345,000 in 2011.
- GreaterGood assets increased from \$6.28M to \$7.38M.
- 11 complaints to Ombudsman resulted in no finding of administrative deficiency.
- Achieved one-stop Wills for 95% of Wills clients using Chameleon Wills software.
- Completed major safety overhaul for warehouse with complete re-fit of all shelving.
- Acquired and fitted out an additional 100sq metres office accommodation.
- Settled National Standards for Financial Managers with Australian Public Trustees.
- An amount of \$2,080,495.93 was transferred to the Territory as Unclaimed Money under S.35 of the *Financial Management Act 1996* and Sched 6 Part 6.2 item 4 of the *Administration and Probate Act 1991*.

## MAJOR CHALLENGES FACING THE PUBLIC TRUSTEE

In the 2009-10 annual report, PTACT reported that a major challenge was to maintain its capability as a prudent financial manager during the Global Financial Crisis (GFC). Our emergence from the GFC and our achievement of an unprecedented financial outcome is strong evidence of the effectiveness of our robust financial position achieved through an effective investment strategy.

A continuing major challenge is to develop the community's knowledge of the Public Trustee and its services. By doing so, we seek 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. Another challenge is to maximize the level of philanthropy provided to the ACT community through GreaterGood. We have made significant progress towards this through appropriate public awareness programs as follows -

- Enhanced PTACT and GreaterGood websites;
- Placed advertisements and editorials in the Canberra Times "Start Living" lift-out each month as well as for special promotions including Seniors Week and International Women's Day 2011;
- Placed advertisements in the Seniors Booklet, ACT Hospitals Services Guide as well as the Yellow Pages;
- Maintenance of PTACT brochures in shopfronts;
- Secured a 2-page broadsheet lift-out in the Canberra Times to mark the distribution of the one-millionth dollar to charity by GreaterGood;
- Advertised in the City News Law Week feature;
- Advertisement and editorial in the Canberra Times funeral planner lift-out;
- Conduct of Seniors Week seminar as well as talks to many community groups.
- Promotion of PTACT services at the Cabinet in the Community; and

- Secured media appearances involving GreaterGood.
- Secured appropriate branding on the exterior of our premises in London Circuit.

PTACT founded and sponsors the annual Life's Reflections Photographic Competition conducted by the ACT Office for Ageing to recognise the value of seniors in our community

## PROGRESS AGAINST STRATEGIC OUTPUTS AND SERVICE PRIORITIES

PTACT made significant progress towards its key strategic outputs as detailed under "How we Performed in Summary" and "Operational Achievements" above.

## A.4 OUTLOOK

### OUR FUTURE PRIORITIES

PTACT celebrated its maturity as an organisation with an unprecedented financial result to mark the end of its first 25 years of operation.

PTACT's future priorities must focus upon how we can satisfy an expected increased demand for our services. It is clearly evident that Canberra has an ageing population, that we are living longer and that our birth rate continues to be amongst Australia's lowest. This places demands on our core services including Will, executorial, EPA and financial management. We are however at a point where we can balance the increasing cost of Community Service Obligations against our income.

In *Australia to 2050: Future Challenges – Intergenerational Report 2010*, federal Treasurer Wayne Swan stated "Australia faces a complex mix of long-term challenges – an ageing and growing population....."

Against this background, a continuing future priority then is to ensure that PTACT is viable and equipped to deal with those demands. With the growth and change in generation of ACT's older population and the corresponding demand for PTACT services, PTACT will continue to evaluate its service delivery media by developing smarter and more adaptive methods.

### TRENDS AND FORECAST CHANGES IN OUR OPERATING ENVIRONMENT

PTACT's responsibilities involve significant and increasing records management and correspondence. A number of projects have been undertaken and commenced aimed at reducing the operational and administrative burdens associated with those responsibilities including a new correspondence management system and plans for a document management system.

#### Completion of refurbishment of premises

To accommodate our expected growth, PTACT has acquired a further 100 sq metres and fitout was completed during the year. The refurbishment has also addressed a number of environmental issues including installation of double-glazing, upgraded air-conditioning and a separate airlock entrance.

### Evidencing Wills in electronic form

Agreement has been reached with the ACT Supreme Court permitting PTACT to evidence the original legal Will to court by producing a certified copy of a record of the original Will held in image form. Now that approval has been provided, it is proposed to commence imaging the Public Trustee's original Wills file. This will reduce reliance upon hard copy records, eliminate loss or misplacement of records and will allow PTACT to store original hard copy records in a more remote, less costly location.

### Precedent Management System

PTACT has developed a database designed to manage its significant correspondence needs. The system comprises an information database from which information needed to create letters will be generated as required. The system will reduce the operational and administrative burden associated with the preparation of correspondence across all business units in the office.

### Superannuation package

Australian Public Trustees have made collective progress towards the development of a superannuation package for Public Trustee trust clients. PTACT has been successful in increasing the number of court-appointed trusts awarded and superannuation provides many of these clients with an ideal vehicle for investment, income and tax savings. This is likely to be a major benefit for this growing sector of PTACT's clientele into the future.

## SIGNIFICANT IMMEDIATE FUTURE RISKS AND ISSUES

Significant potential risks facing the Public Trustee identified in a review of PTACT's Fraud, Risk and Corruption Mitigation Strategy include –

#### → Economic Viability.

PTACT must build its reputation, develop its clientele, establish reliable long-term revenue sources and deploy smart technological solutions. A particular concern is to price our services to achieve an appropriate balance of funding to cross-subsidise our Community Service Obligations, allowing PTACT to provide its services seamlessly to all members of the community irrespective as their capacity to pay.

#### → Staff Competence and Well-being.

An experienced and qualified staff is critical to PTACT's business and the risk of skill loss or depletion is addressed through a strong attraction, training and retention policy and the maintenance of an excellent workplace. PTACT has focused strongly on Workplace Health and Safety through the conduct of a Workplace Health and Safety Risk Analysis and the treatment of all identified risks and rigid application of staff safety and protection measures.

#### → Statutory Compliance.

Failure to comply with legislation, policies and procedures poses a strong potential risk and is addressed by rigid QA, training and workflow-based systems.

#### → Potential for Fraud.

The potential risk of fraud and corruption both internal and external is addressed by a Fraud, Risk & Corruption Management Plan, reviewed on a regular basis.

→ **Business System Failure.**

The risk of business system failure affecting access to information poses a strong potential risk which must be addressed by the establishment and continual maintenance of a Business Continuity Plan.

→ **Financial Loss.**

Prudent funds management is vital, particularly having regard to economic conditions in recent past years. The constant risk of market fluctuation requires a diligent and prudent approach to the review of investment arrangements including fund managers.

The Public Trustee's Fraud, Risk and Corruption Management Plan is reviewed biennially and was comprehensively reviewed by the PTACT Investment Board in conjunction with PTACT's Internal Audit Committee.

## A.5 MANAGEMENT DISCUSSION AND ANALYSIS

### OBJECTIVES

PTACT's primary objective is to provide professional trustee services to government and to the community.

Our principal activities include –

- preparation of Wills where the Public Trustee is named as executor or co-executor;
- administration of deceased estates under Will or intestacy;
- acting as trustee for life interest estates and persons lacking legal capacity;
- financial management under EPA and orders of ACAT;
- examination of accounts of external managers;
- asset services in relation to the confiscation of criminal assets;
- taxation and safe custody services for established clients;
- acting as agent for Unclaimed Moneys;
- undertaking investment responsibility for ACT Government Trust Funds; and
- Trustee for GreaterGood - The Capital Region Community Foundation.

### RISK MANAGEMENT

PTACT's Fraud, Corruption and Risk Management Plan covers all investment, financial, operational and administrative responsibilities as well as Workplace Health and Safety. This strategy documents business processes undertaken by the Public Trustee, identifies key risks associated with these processes and measures undertaken to control risk.

The following potential risks may influence our future position -

- Maintenance of market share in respect to commercial services provided by PTACT. These activities substantially fund the cost of providing PTACT's Community Service Obligations to the community. This risk is addressed through customer satisfaction surveys, fee reviews, brand development and marketing.

- Risk of significant skill deterioration in the workforce through retirement. We are reviewing the workforce training as part of the business and strategic plan to ensure skills are retained.
- Ongoing business system reliability and integrity is a major potential risk to our business. We have made continuing changes to our IT infrastructure aimed at minimising these risks.

## REVENUE

Revenue figures are based upon actual figures to 30 June 2011, the audited Financial Report for 2010-11 and 2010-11 budget estimates contained in the 2010-11 Budget Paper Number 4.

Our operating surplus for the year ended 30 June 2011 was \$1,176,552, an increase of \$1,426,552 on the 2010-11 budget estimate of (\$250,000), and an increase of \$1,263,828 over the previous year.

A return to surplus has occurred. The surplus, compared to a budget deficit, is due to an increase in operating revenue. The increase has occurred as a result of an upturn in the investment market together with higher than anticipated commission and management fees being received.

PTACT derived 82% of its revenue from fees and charges relating to the provision of trustee services.

Total revenue for the period ending 30 June 2011 was \$5,007,132. This is \$1,300,132 higher than the 2010-11 budget estimate of \$3,707,000 and an increase of \$1,311,938 compared to the 2009-10 year.

## EXPENSES

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

Total expenses for the period ending 30 June 2011 were \$3,830,580 of which \$2,970,279 or 77% were employee-related (including superannuation). Total expenses are \$126,420 lower than the 2010-11 budget estimate of \$3,957,000 for the corresponding period. By comparison, actual expenses for the previous year were \$3,782,470.

Expenses have slightly increased over the last few years. In future years it is anticipated that employee expenses will increase due to changes in wage conditions, the employment of professional staff to cope with the ever changing workload and the continually increasing client base. It is also anticipated that, due to the increasing workload of the Public Trustee, an increase in supplies and service expenses will also occur.

The fitout of PTACT's extended office space was completed and funded during the reported year. PTACT also addressed warehouse safety issues through the acquisition of new warehouse shelving as well as a new compactus filing system in our city premises. A continuing program of installation of Venetian and Verosol blinds was also completed during the year.

## PUBLIC TRUSTEE FINANCIAL POSITION

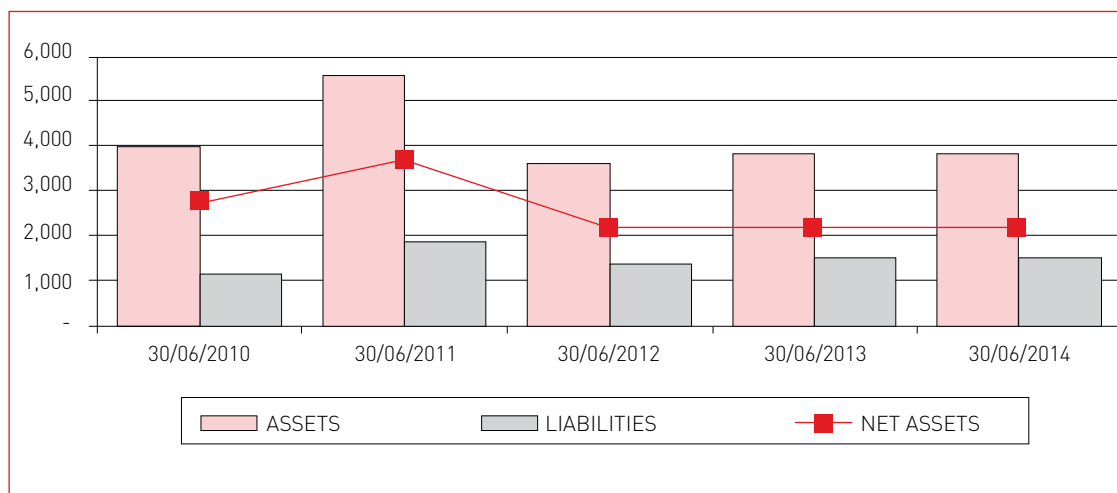
Key indicators of the health of the Public Trustee's financial position are the ability to sustain the existing asset base, the ability to pay debts falling due in the short term and maintaining prudent levels of longer term liabilities. The graph below indicates assets held by the Public Trustee at 30 June 2011.

The Public Trustee reported a total asset base of \$5,530,455 of which \$3,950,000 is invested in term deposits with various financial institutions and \$627,538 is held in demand deposit cash accounts for ongoing expenses. The balance of assets, \$952,917, is made up of receivables of \$261,174, prepayments of \$23,407 and plant and equipment of \$668,336. Total assets are \$2,057,455 higher than the budget estimate of \$3,473,000. The increase in assets is attributable to additional funds available for investment as a result of increased revenue and the revaluation of property, plant and equipment as at 30 June 2011.

## SUSTAINED ASSET BASE

The ability of the Public Trustee to sustain its asset base is indicated by changes in net assets. The graph below illustrates that the Public Trustee's ability to maintain strong net asset position is due to the increased level of funds under management. The Public Trustee's short-term financial position in 2011 decreased compared to 2010. This was due to the accounting for the provision for make-good. Without the provision for make-good the short term liquidity ratio is 9.6 to 1. This reflects a strong liquidity position.

### Summary Statement of Financial Position



The above chart reflects audited figures as at 30 June 2010, actuals to 30 June 2011 and estimated outcomes as shown in Budget Paper 4 of 2010-11.

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

## 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. The table below illustrates the liquidity position of the Public Trustee.

## Current Ratio

	PRIOR YEAR ACTUAL \$'000 2010	CURRENT YEAR ACTUAL \$'000 2011	CURRENT YEAR BUDGET \$'000 2011	FORWARD YEAR BUDGET \$'000 2012	FORWARD YEAR BUDGET \$'000 2013	FORWARD YEAR BUDGET \$'000 2014
<b>Total Current Assets</b>	3 693	4 862	3 381	3 402	3 524	3 722
<b>Total Current Liabilities</b>	1 024	1 673	1 064	1 128	1 220	1 334
<b>Current Ratio</b>	3.61:1	2.91:1	3.18:1	3.02:1	2.89:1	2.77:1

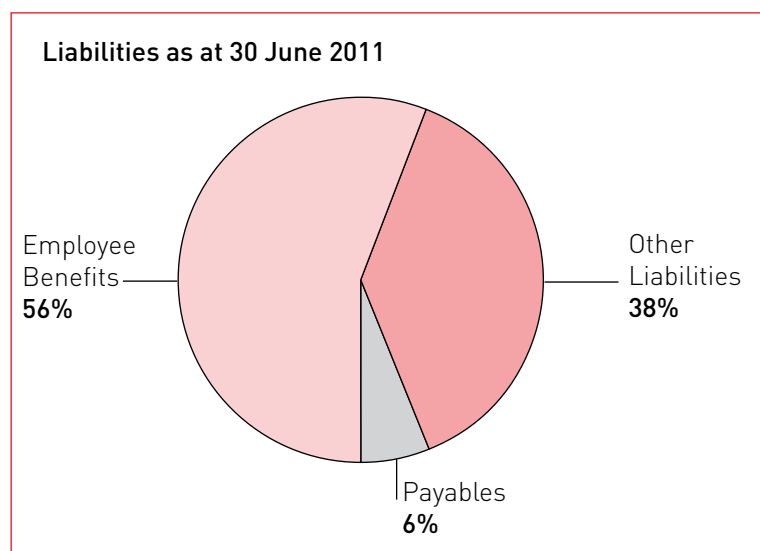
The Public Trustee's current ratio as at 30 June 2011 is 2.91 to 1, lower than the budgeted current ratio at 30 June 2011 of 3.18. to 1. The Public Trustee anticipates current assets to remain relatively stable and will maintain a strong level of liquidity.

## LIABILITIES

The Public Trustee's total liabilities for the period ending 30 June 2011 were \$1,673,296. This balance is \$484,296 higher than the 2010-11 budgeted figure of \$1,189,000 and \$695,065 higher than the actual balance as at 30 June 2010.

The main fluctuation in liabilities, compared to budget, is an increase in Other Liabilities due to the introduction of a dividend payable as a result of an operating surplus and an increase in the provision for make-good due to changes in reporting methods.

### Liabilities



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.



The ratio at 30 June 2011 as indicated in Table 2 is 2.63 to 1. The ratio of 2.63 to 1 is a decrease from 3.21 to 1 at 30 June 2010. This shows that the liquidity of the Public Trustee is adequate. With financial assets to total liabilities ratios well in excess of 1:1, the Public Trustee is well positioned to meet long term funding requirements.

#### Financial Assets to Total Liabilities Ratio

	PRIOR YEAR ACTUAL \$'000 2009-10	CURRENT YEAR BUDGET \$'000 2010-11	CURRENT YEAR ACTUAL \$'000 2010-11	FORWARD YEAR BUDGET \$'000 2011-12	FORWARD YEAR BUDGET \$'000 2012-13	FORWARD YEAR BUDGET \$'000 2013-14
<b>Total Financial Assets</b>	3 672	3 342	4 839	3 362	3 483	3 680
<b>Total Liabilities</b>	1 144	1 189	1 839	1 268	1 375	1 514
<b>Financial Assets to Liabilities Ratio</b>	3.21:1	2.81:1	2.63:1	2.65:1	2.53:1	2.43:1

## A.6 FINANCIAL REPORT

The Financial Statements and Auditor-General's Reports for all four accounts may be found in the Annexure at the end of this report.

## A.7 STATEMENT OF PERFORMANCE

Refer A6 above.

## A.8 STRATEGIC INDICATORS

PTACT seeks to strategically position itself to be able to absorb the continuing increase in Community Service Obligations. PTACT receives minimal funding for CSOs and this funding is not reviewed on an annual basis. It is then expected that PTACT will cross-subsidise this expense through its commercial undertakings. This will be achieved by PTACT continuing to be self-funding. This is particularly challenging when it is considered that PTACT does not exist to make a profit.

Within that model, PTACT's historical financial indicators reflect a steady development of the business of the Public Trustee to the point that it can cross-subsidise the less profitable areas of its business and pay back government appropriation for Community Service Obligations..

## PTACT HISTORICAL FINANCIAL PERFORMANCE

	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
APPROP	\$743,000	\$706,000	\$589,000	\$598,000	\$605,000	\$613,000	\$631,000	\$643,000	\$655,000	\$669,000
TOT INCOME	\$2,261,368	\$2,507,211	\$2,345,425	\$2,758,820	\$3,212,571	\$4,030,681	\$3,980,105	\$3,682,098	\$3,695,194	\$5,007,132
EXPEND.	\$1,880,863	\$2,164,070	\$2,392,938	\$2,493,284	\$2,712,792	\$3,083,142	\$3,408,548	\$3,799,612	\$3,782,470	\$3,830,580
RESULT	\$380,505	\$343,141	-\$47,512	\$266,536	\$499,779	\$947,539	\$571,557	-\$117,514	-\$87,276	\$1,176,552
DIVIDEND	\$190,252	\$171,570	Nil	\$133,268	\$199,889	\$473,769	\$285,778	Nil	Nil	\$588,276
STAFF (FTE)	23	27.58	26	27	29.6	31.6	32	34	34	38

## NOTES

2000-04	Business Development Funding from ACT Treasury
2003-04	Loss relates to LSL payment on commencement of Public Trustee
2005-06	Dividend reduced by \$100K to cover move to 221 London Crct
2006-07	Revenue injection of \$527K from vacation of 4 Mort St
2008-10	Losses relate to Global Financial Crisis

# PTACT - HISTORICAL BUSINESS ACTIVITY

Indicator	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Financial Management Orders	341	358	369	397	411	435	442	432	458	473
Active Enduring Power of Attorney	100	108	95	95	88	77	69	68	67	61
Deceased Estates Admin ← \$100,000	80	70	48	77	62	55	35	37	37	38
Deceased Estates Admin → \$100,000	33	36	31	35	51	41	40	33	47	63
Examinations of accounts	213	254	265	246	276	261	243	318	370	440
Trusts ← \$100,000	546	562	561	522	491	452	442	417	399	374
Trusts → \$100,000	25	30	23	31	33	31	34	30	39	50
Wills	609	617	584	678	626	644	691	724	730	653

## NOTES

1. Financial Management Orders - steady rise
2. Active EPA - less people choosing to use PTACT as attorney
3. Deceased estates under \$100K - Lower value estates dropping off with increases in asset values
4. Deceased estates above \$100K - Again asset values affect these figures. Also PTACT only generally administers estates when appointed as executor.
5. Examination of accounts - this correlates with Financial Management orders
6. Trusts under \$100K - PTACT is default trustee - significant work with minimal cost recovery
7. Trusts over \$100K - PTACT is bidding more competitively for these.

## A.9 ANALYSIS OF AGENCY PERFORMANCE

2010-11 has been a year of strong recovery and growth after two years with markets continuing to return steadily and rates of return on investments improving. A significant indicator is the increase in revenue over and above estimate.

Our performance in brief is as follows -

- Our operating surplus at \$1,176,552 was the highest recorded since the establishment of the Public Trustee in 1985.
- Expenses were \$3,830,580, which is \$126,420 lower than the 2010-11 budget estimate of \$3,957,000. By comparison, actual expenses were \$48,110 higher than the previous year of \$3,782,470.
- Funds under management \$274.36M, up 16.32% from \$235.9M in 2009-10
- Wills 653, a variance of 9.9% on target
- 104 estates commenced and finalised at a value of \$41,733,835.21
- GreaterGood assets increased from \$6.28M to \$7.38M;
- 91% of customers surveyed stated that PTACT met or exceeded their expectations.

### FUNDS MANAGEMENT

Funds management continues to be a fundamental and rapidly-growing business component. PTACT operates five asset sector common funds satisfying client investment requirements. PTACT's investment strategy provides investment clients with income, growth and security through diversification.

At 30 June 2011, PTACT had funds under management of \$274.4M an increase of \$38.5M or 16.32%.

Client moneys are invested through Common Funds in accordance with the "prudent person investment principle" established by the Trustee Act 1925, enabling PTACT to offer tailored investment portfolios giving clients potential for a mix of capital growth, income returns and tax effectiveness.

Of particular note, PTACT has been successful in bidding for Court appointed trusts and the amount of money held in respect to Government trusts has also increased.

Client (non-government) moneys increased from \$100.44M in 2009-2010 to \$122M in 2010-2011. This resulted from an increase in the quantum of client funds under administration.

PTACT's five asset sector Common Funds are -

#### 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 and, at 30 June 2011, the interest rate was 5% (up from 4.5% at 30 June 2010) and the fund size was \$68.59M, up from \$51.76M at 30 June 2010.

Whilst fluctuations are a normal and expected occurrence, the rate has steadily risen over all quarters of the reported year.

#### Australian Equities Common Fund

An externally managed portfolio of Australian stocks. Funds under investment total \$24.8m, up from \$21.7M at 30 June 2010.

#### International Equities Common Fund

An externally managed portfolio of non-Australian stocks. At 30 June 2011, \$9.3M had been invested.

#### Australian Fixed Interest Common Fund

An externally managed portfolio of corporate and government bonds and floating rate notes. Funds under investment at 30 June 2011 were \$21.6M compared to \$20.5M at 30 June 2010.

#### 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 2011 were \$4.9M compared to \$4.33M at 30 June 2010.

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

#### Comparative Funds Performance - Yield

FUND PERFORMANCE	3 MTHS	6 MTHS	1 YR	3 YRS	5 YRS	7 YRS
Australian Equities	-4.09	-0.58	11.30	0.21	1.50	7.89
Fixed Interest Common Fund	0.56	1.68	2.62	7.19	5.27	5.09
Listed Property Trusts Common Fund	-3.64	1.56	1.93	-12.50	-12.15	-4.21
International Equities Common Fund	-4.76	3.01	26.03	-1.83	N.A.	N.A.
Cash Common Fund	1.25	2.52	4.99	4.61	5.11	5.02

## INVESTMENT STRATEGY

PTACT's investment strategy has been established on the advice of external asset/markets consultants in accordance with recommended objectives and is reviewed in consultation with the Public Trustee Investment Board. The strategy is designed to maximise investment performance and overall return for a client's investment portfolio.

PTACT's investment objectives take account of risk, return, diversification and liquidity and are realistic and achievable. They 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 -

- Many PTACT clients are dependent upon income from their portfolio for day to day living expenses.
- Risk of loss objectives, which reflect the likelihood of the portfolio losing money in any given year.
- Targets for a total return reflecting both income and capital growth.

The Public Trustee's Common Funds act as vehicles for investment of client funds in asset allocations that reflect individual risk profiles. PTACT operates five risk models where clients with compatible risk profiles are grouped for investment into these common funds in asset allocations designed to address their needs. During the year the Public Trustee appointed Pricewaterhouse Coopers to provide asset/markets consulting services..

### Growth Model Portfolio

The Growth strategy 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 - 10.57%.

### Balanced Model Portfolio

The Balanced strategy 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 - 8.60%.

### Income Stable Model Portfolio

The Income Stable strategy 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 - 5.4%.

## Capital Stable Model Portfolio

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

The fund returned an average of 4.99% during the year, and closed at 5.00%.

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

### Risk Model Comparative Performance

RISK MODEL PERFORMANCE	3 MTHS	6 MTHS	1 YR	3 YRS	5 YRS	7 YRS
Income Stable	-0.71	1.53	5.40	4.13	3.87	5.88
Balanced	-1.69	1.40	8.60	3.36	3.27	6.79
Growth	-2.65	1.19	10.57	1.61	2.14	7.09
Capital Secure	1.25	2.52	4.99	4.61	5.11	5.02

## OUR SERVICES TO GOVERNMENT

### Government Trust Moneys

Part 7 of the *Financial Management Act 1996* requires that all trust money and other non-public moneys managed by ACT Government Directorates should be invested with the Public Trustee.

Performance reporting in respect to individual trust accounts is a matter between the Public Trustee and the client. PTACT invests these funds in accordance with the prudent person investment principle of the *Trustee Act 1925* and returns a dividend to the particular account minus Public Trustee fees. Funds held at 30 June 2011 amounted to \$147.21M, compared to \$128.77M at 30 June 2010 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
- Default Insurance Fund - CIF
- Default Insurance Fund - UEF
- Motor Vehicle Dealers Compensation Fund

- Office of the Nominal Defendant of the A.C.T.
- Residential Rental Bonds Trust Account

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

It should be noted that funds held in these accounts are not invested in either 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, and empowers PTACT to administer 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 Fund for community safety initiatives.

PTACT deposited \$116,246.82 into the Confiscated Assets Trust Fund during the reported financial year 2010-2011 realised from 11 convictions. This compared with \$72,021.35 realised from 10 convictions during 2009-10.

During the year, an external review was conducted of the Confiscated Assets Trust Fund administered by the Public Trustee. The audit found that, in line with the requirements of S.135 of the *Confiscation of Criminal Assets Act 2003*, the Public Trustee performed a review of reserved and distributable funds twice during the year ended 30 June 2011 in order to determine whether the reserved funds were sufficient to make payments. As a result, the Public Trustee declared that all funds within the Confiscated Assets Trust Fund were distributable funds.

### Unclaimed Moneys

#### Receipts and payment of Unclaimed Moneys

PTACT provides administrative services in respect to specified Unclaimed Moneys in the ACT under the *Unclaimed Moneys Act 1950*, the *Legal Practitioners Act 1970* and the *Agents Act 2003*. In general, unclaimed moneys are accounts of various types that have been inactive over time, including deposits and dividends. A search facility on the PTACT website assists claimants to identify and claim unclaimed moneys.

At 30 June 2011, PTACT held \$19,493,458.00 in unclaimed moneys compared to \$10,794,501.00 at 30 June 2010. During the year –

- 39 lodgements were received for a total of \$11,897,066.29.
- 2,614 claims for a total of \$921,230.87 were received and paid.
- Average claim for 2010-11 \$352.42 compared to \$785.62 for 2009-10.

Average claims paid were –

- Unclaimed Moneys Act - \$344.96
- Unclaimed Moneys Act (Superannuation) - \$1,563.68



The breakup of claims paid is as follows –

- Directions by Office of Regulatory Services - 2 claims - total of \$1,500.00
- Legal Professions Act - 8 claims - total of \$12,922.81
- Unclaimed Moneys Act - 2597 claims - total of \$895,862.30
- Unclaimed Moneys Act (Superannuation) - 7 claims - total of \$10,945.76

#### Transfer of unclaimed superannuation moneys to Commonwealth

By agreement between the States/Territories and the Commonwealth, the administration of unclaimed superannuation moneys has been transferred to the Commonwealth. This was facilitated by S.36 of the *Justice and Community Safety Legislation Amendment Act 2010 (No 4)* which came into effect on 14 December 2010, requiring that payment of all moneys be made to the Commonwealth by 14 March 2011. PTACT transferred an amount of \$933,525.00 on Friday 11 March 2011, representing the balances of 479 separate accounts held in respect to the Mercantile Mutual Life Insurance Company Limited and the Motor Traders Association Australia.

#### Payment of unclaimed Moneys to the Territory

During the year PTACT conducted an audit on unclaimed moneys held by the Public Trustee and payable to the Territory. As a result, an amount of \$2,080,495.93 was transferred to the Territory on 28 June 2011 -

- Under the Financial Management Act (S.35) - \$1.6M in income from investment of unclaimed moneys;
- Under the Administration and Probate Act (Sched 6, Part 6.2, item 4) - \$480,495.93 representing unclaimed moneys in a deceased estate.

No moneys were identified as payable to the Territory under S53 of the *Financial Management Act*.

#### ***Cemeteries and Crematoria Act 2003***

The Public Trustee is appointed as trustee of the Perpetual Care Trusts under the *Cemeteries and Crematoria Act 2003*. 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 their fund to be held in trust by the Public Trustee and invested through the Public Trustee's common funds.

At 30 June 2011, a total of \$1.44m in deposits was held by the Public Trustee under the Act.

## Deposits to Perpetual Care Trust

CEMETERY/ CREMATORIUM	DEPOSITED TO DATE (ALL) \$	NET DEPOSITS \$	2010/11 INCOME \$	GROWTH FROM INVESTMENTS TO DATE \$	BALANCE 30/06/11 \$
Hall	58,941.79	40,187.56	1,909.47	1,440	47,912.51
Woden	1,493,458.70	1,088,635.99	53,132.73	(68,135)	1,238,998.41
Gungahlin	107,000.00	107,000.00	861.14	0	107,861.14
Norwood Park	36,366.57	36,366.57	1,786.24	(5,678)	41,943.25
<b>TOTAL</b>	<b>1,695,767.06</b>	<b>1,272,190.12</b>	<b>57,689.58</b>	<b>(72,373)</b>	<b>1,436,715.31</b>

## OUR PRODUCTS AND SERVICES

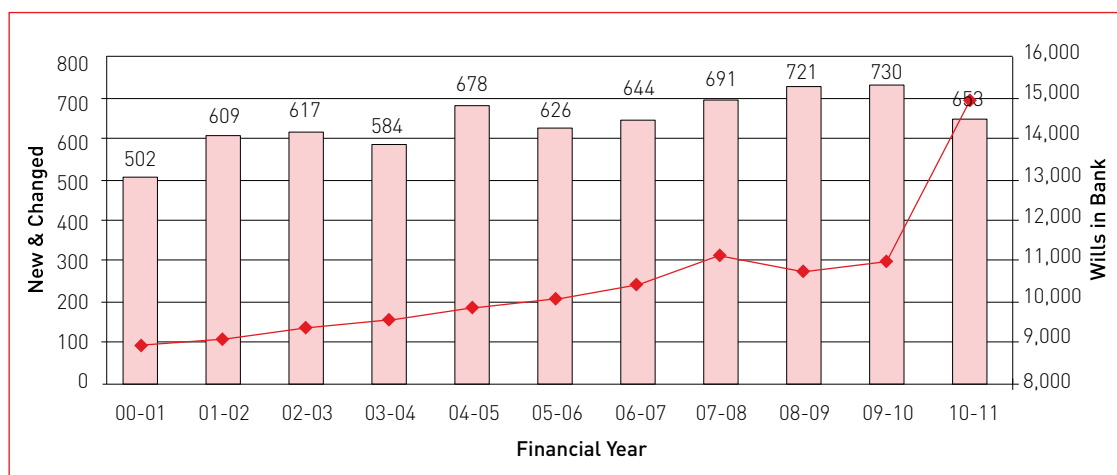


## Wills

Will-making is a core business of PTACT. 653 Wills were completed during the year compared with 730 in the previous year. PTACT now has in excess of 12,500 Wills in its 'Wills Bank'.

The Supreme Court has approved a proposal by the Public Trustee that would permit the Public Trustee to store Wills in image form and produce a certified copy of a record held in that form for Court purposes. A minor amendment will be made to the *Administration and Probate Act 1929* to facilitate that proposal.

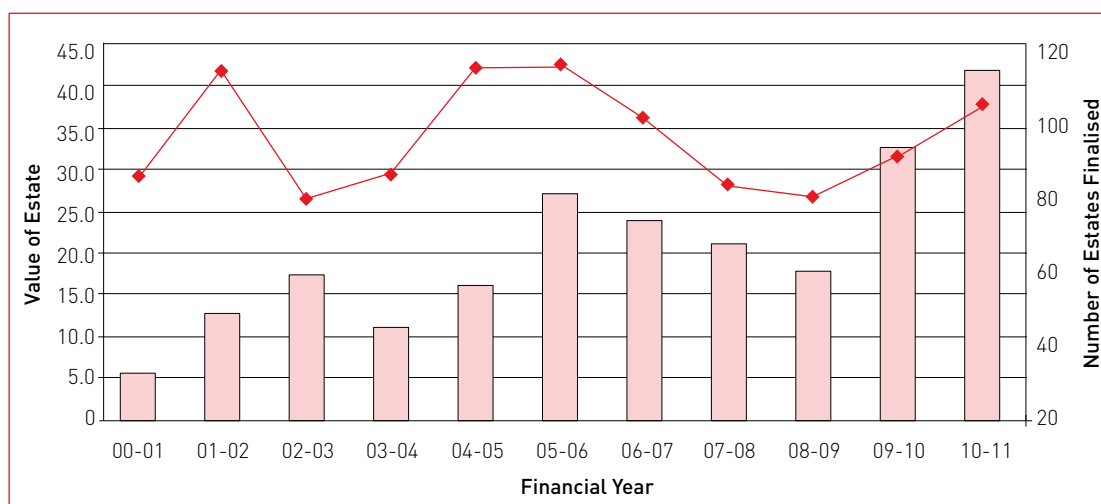
## Wills



## Estates

Estate volumes have increased in line with general trends. 101 new estates were commenced during the year at an estimated committed value of \$42,691,390.47 compared to 92 at a committed value of \$47,056,410.22 for the previous year. 101 estates were finalised during the year with an estimated committed value of \$41,733,835.21 compared to 84 at \$32,469,912.21 for the previous year. This is primarily due to the recovery of property and share values.

### Estates Finalised 2010-11



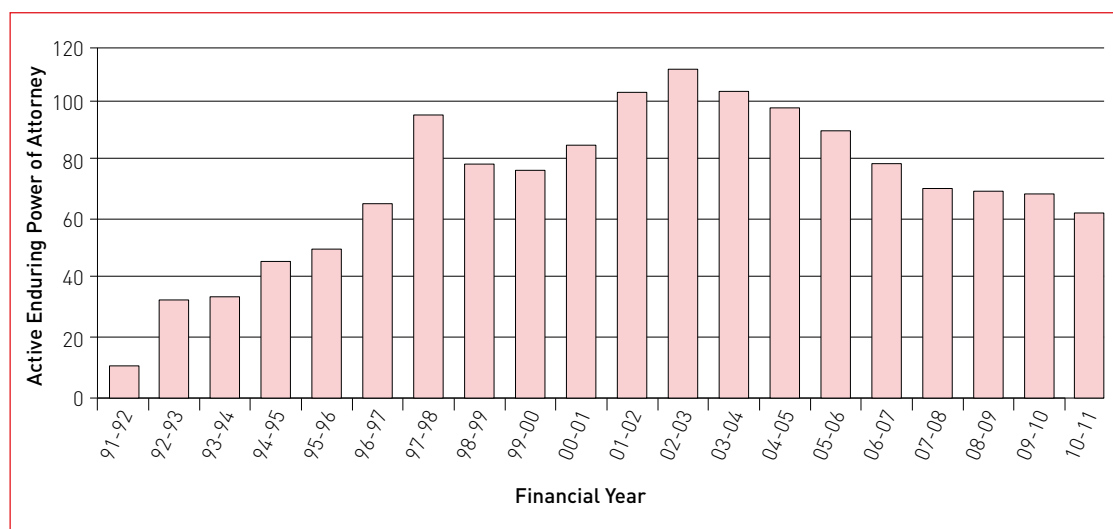
## Trusts

The Public Trustee acts as trustee, manager or receiver of funds for infants, or for those unable to manage their funds. The value of trusts under administration at 30 June 2011 was \$81.22M.

## Powers of Attorney

PTACT actively promotes the preparation of an EPA by all members of the ACT Community. The Public Trustee will act as attorney and assist in identifying the best solution for individual needs. The number of active EPAs under management by the Public Trustee has marginally decreased from 67 in 2009-10 to 61 in 2010-11. This is a normal and expected fluctuation. The graph below indicates the number of persons who have chosen to place their financial affairs under the control of the Public Trustee and to activate the instructions contained in the EPA.

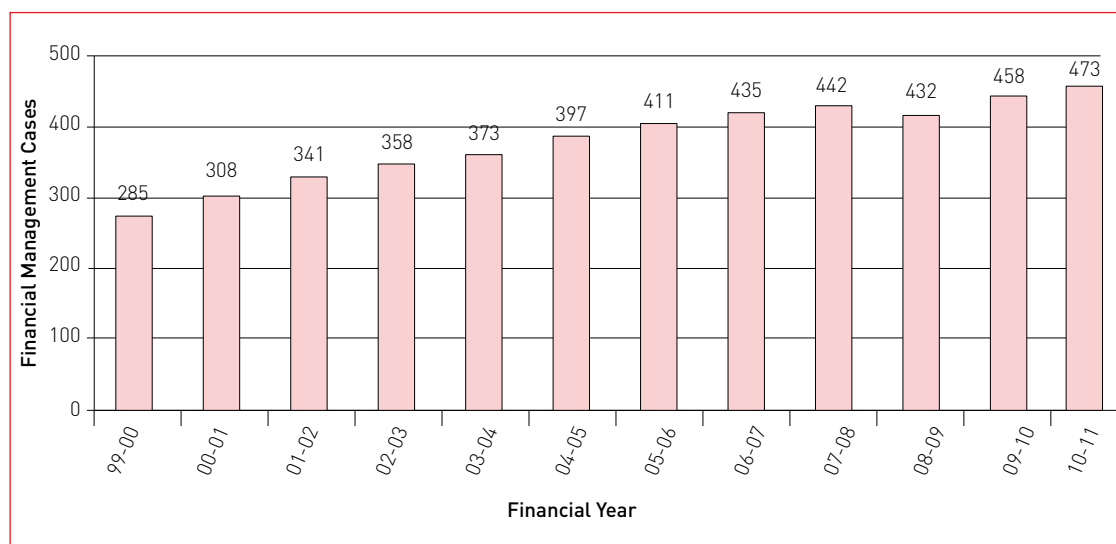
### Active Enduring Powers of Attorney 2010-11



## Financial Management

The ACT Civil and Administrative Tribunal (ACAT) may appoint a person to act as Financial Manager to protect the 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 plenary, or absolute manager, in approximately 50% of cases. At 30 June 2011, the Public Trustee was appointed as financial manager for 473 persons compared with 458 persons at 30 June 2010.

### Financial Management Cases 30 June 2011



### Taxation Services

PTACT is a registered tax agent, has qualified personnel on staff and provides specialist taxation services incidental to Estate, Trust and Individual Income Tax Return activities.

PTACT handled 1,108 taxation matters in 2010-11 compared to 850 in 2009-10 and increased its taxation revenue by 28.7% from \$97,022.14 in 2009-10 to \$137,806.31 in 2010-11.

The increase in the number of taxation matters completed this year was due to the following:

1. New system being able to process bulk lodgements and the number of returns.
2. Implementation of portal access gave trust officers ability to attend to past taxation obligations of deceased persons.
3. Rise in estates under administration and administrative trusts.

The increase in taxation fees generated was due to an increase in the Public Trustee's hourly rate as a result of an ACT Government 3-yearly structural fee review.

A subsequent decrease in 'fee per return' was also achieved due to an increase in system efficiency and client maintenance.

### Conveyancing Services

PTACT completed 27 property settlements during 2010-11, with a total value of \$13,785,500.

Revenue from conveyancing activities was \$22,225.

## OUR KEY CHALLENGES AND PLANS

PTACT's Business Plan for 2010-11 identified the following challenges:

- **Disparate client groups** – PTACT operates within a business model serving distinctly disparate client groups, broadly classified as Community Service and Commercial. The nature of these client groups often creates incompatibilities from client servicing and budgeting perspectives. Our interaction with an unpredictable, aggressive and uncooperative clientele creates a tension with the nature of our contestable, commercial business.
- **Dynamic and changing marketplace** – A continuing longer-term priority is to ensure that PTACT is viable and equipped to deal with the demands of an ageing population. Trends in ACT demographics reported by the Australian Bureau of Statistics suggest that this will impact greatly on the Public Trustee's role as a Financial Manager. Changes in family life, the incidence of blended and globally scattered families and greater complexity in personal financial circumstances dictate that the Public Trustee must continuously respond and adapt to environmental change.
- **Maintenance of a strong, viable business** – PTACT's major challenge is the need to maintain and grow the profitable areas of its business to maintain viability as well as to subsidise our Community Service Obligations. This is a particular challenge for a business which operates within a constrained framework and which does not primarily exist to make a profit.

- **Government regulatory framework** – Unlike other commercial enterprises, PTACT is constrained by a tight regulatory framework requiring a greater level of accountability and governance. PTACT seeks to influence the making of new legislation and the development of existing legislation.
- **Competitive neutrality** – The Australian Government's policy of competitive neutrality requires that entities such as PTACT do not enjoy net competitive advantages over their private sector competitors, simply by virtue of their public sector ownership. Whilst this serves to provide some form of protection to the private sector, it may act as an inhibitor to PTACT developing the contestable areas of its business. An example is the higher level of accountability, transparency and governance required of a Public Trustee. Whilst PTACT seeks to increase its market share in areas of its contestable business, the reality is that we are prevented from drafting Wills unless appointed as executor.
- **Public perception** – It is pleasing to note that a number of unfortunate misconceptions about the role of public trustees which existed in the community for many years, are no longer apparent. PTACT has worked hard to promote a positive, responsive, respectful and service-oriented image and community feedback from survey responses at public forums reflects our progress in achieving that.
- **Need for sustainability** – The major challenge for PTACT is to build areas of its business that will provide a continuing income and sustainable business into the future. This is being achieved in part by the development of mandated areas of business eg acting as trustee in respect to government trust accounts and the development of GreaterGood and workplace-giving.
- **Prudent investment** – The need to invest in a prudent manner in compliance with the Trustee Act but against an often conservative client group intolerant of market fluctuation presents unique challenges.

## OUR STATEMENT OF INTENT

PTACT's Statement of Intent for the year 2010-11 established PTACT's performance measure and targets for the reporting year. The following table reports performance against these measures -

- $\text{Return on Assets} = (\text{operating result b.t.} + \text{interest expense}) / \text{average total assets for period}$
- $\text{Return on Equity} = \text{operating result b.t.} / \text{equity}$
- $\text{Profit Margin} = \text{operating result b.t.} / (\text{Govt \& non Govt user charges} + \text{taxes, fees and fines})$
- $\text{Current Ratio} = \text{current assets} / \text{current liabilities}$
- $\text{Cash Position} = (\text{cash} + \text{current investments}) / \text{total assets}$
- $\text{Receivables Turnover} = (\text{non-Govt user charges} + \text{taxes, fees \& fines}) / \text{average non-Government receivables for period}$
- $\text{Debt Ratio} = \text{total liabilities} / \text{total assets}$
- $\text{Capital Ratio} = \text{total liabilities} / \text{equity capital}$
- $\text{Debt Service Coverage} = \text{cash flow from operations} / \text{interest expenditure}$

## A.10 TRIPLE BOTTOM LINE REPORT

This has been largely covered in the JACS Annual Report 2010-2011 with the exception of Economic and Social indicators as follows –

	INDICATOR	2010-11 RESULT	2009-10 RESULT	% CHANGE
ECONOMIC	<b>Employee Expenses</b>			
	Number of staff employed at 30 June 2011 (head count)	38	33	15.15
	Total employee expenditure (dollars)	\$2,970,279.00	\$2,895,872.00	2.57
	<b>Operating Statement</b>			
	Total expenditure (dollars)	\$3,830,580.00	\$3,782,470.00	1.27
	Total own source revenue (dollars)	\$4,338,132	\$3,040,194.00	42.69
	Total net cost of services (dollars)	(\$507,552.00)	\$742,276.00	[168.38]
	<b>Economic Viability</b>			
SOCIAL	Total assets (dollars)	\$5,530,455.00	\$3,919,000.00	41.12
	Total liabilities (dollars)	\$1,839,448	\$1,144,383.00	60.74
	<b>The Diversity of Our Workforce</b>			
	Women (Female FTEs as a percentage of the total workforce)	68.4%	64.7%	5.72
	People with a disability (as a percentage of the total workforce)	0%	0%	0
	Aboriginal and Torres Strait Islander people (as a percentage of the total workforce)	0%	0%	0
	Staff with English as a second language (as a percentage of the total workforce)	5.3%	2.94%	80.27
	<b>Staff Health and Wellbeing</b>			
	OH&S Incident Reports	5	2	150
	Accepted claims for compensation (as at 31 August 2010)	3	2	50
	Staff receiving influenza vaccinations	22	24	[8.33]
	Workstation assessments requested	7	7	0



**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **SECTION B**

## **CONSULTATION AND SCRUTINY REPORTING**



## B.1 COMMUNITY ENGAGEMENT

PTACT provides services directly to individuals in the community and has a strong level of community engagement.

We are acutely aware of the issues faced by our clients and we work closely with community groups and other government agencies to provide the best outcome for those clients.

### COMMUNITY ENGAGEMENT ACTIVITIES

During the year, our activities did not involve formal consultation with the community. Our everyday activities involve us with all members of the community.

LINE AREA	PROJECT	CONSULTATION PROCESS (TOOLS USED)	GROUPS/ INDIVIDUALS CONSULTED	APPROXIMATE NUMBER CONSULTED	OUTCOME
PTACT	Nil	N/A	Nil	Nil	N/A

Our engagement with the community during 2010-11 has involved the following activities –

FORM OF COMMUNITY ENGAGEMENT	OUTCOME
Seniors Week/International Women's Day Public Trustee Seminar - March 2011	Educating community about estate planning - free Will for all women attending
Life's Reflection sponsorship - \$3,500	Seniors form a major component of our clientele. Life's Reflection engages Seniors, celebrates life over 50 and demonstrates their value to the community
Distribution of approximately \$345,000 to local charity through GreaterGood	Development of social capital and social outcomes unable to be met by government or by individual community members.
Visits to 2 ACT Government Workplaces and addressed all JACS Induction training to demonstrate the value of Workplace Giving	Workplace Giving Fund established in JACS and 2 more under consideration by ACT Government Directorates.
Participated in the Canberra Retirement and Lifestyle Expo 2010	Joined with other ACT Government agencies to promote PTACT services to retirees.
Addressed community groups on 12 occasions in addition to a Seniors Week seminar	Educating diverse community groups about the need to have an up to date Will and Enduring Power of Attorney
Conducted home visits to clients	Interviewed clients and prepared Wills and EPA's from the comfort of home where mobility is an issue
Participated in joint govt/industry estate planning forum	Exchanged ideas, expertise and information about complex estate administration/trust issues

FORM OF COMMUNITY ENGAGEMENT	OUTCOME
Close liaison with Public Advocate and President ACAT	More streamlined processes for the appointment of PTACT as Financial Manager of last resort and more appropriate emergency appointments.
Participated in Law Week feature in Canberra Times	Promotion of PTACT's services and increase in Will numbers.
Participated in the ACT Philanthropy Round Table – June 2010	The ACT Philanthropy Round Table is an initiative of the ACT Dept Disability, Housing and Community Services and seeks to develop and proliferate philanthropy in the ACT.

## OUR CUSTOMERS REPORTED

PTACT continuously consults its commercial clients through a rolling customer survey against a range of criteria on a reply-paid post basis. The survey is also provided in electronic form for clients visiting the 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 the dealt with
- Whether they would recommend PTACT to others.

173 clients were surveyed with 91% of clients reporting that the Public Trustee met or exceeded their expectations, against 94% reported for the same period last year.

## OUR REPRESENTATION ON EXTERNAL FORUMS

The Public Trustee subscribes to a number of important forums, through which issues of community importance are discussed, negotiated and lobbied. These include –

State/Territory Public Trustees forum	PTACT maintains a close relationship with other State/Territory Public Trustees through bi-annual meetings*.
Australian Guardianship and Administration Council (AGAC)	PTACT is a member of AGAC. AGAC is 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*.

Trustee Corporations of Australia Inc (TCA)	TCA is the peak representative body for the trustee corporations industry in Australia and meets bi-annually*. TCA is the trustee industry's voice in the community and in lobbying/consulting with government for change.
Financial Planners' Association ACT Chapter	The Public Trustee is a member of the Financial Planners' Association and regularly participates in, and makes presentations to, ACT Chapter meetings.
Financial Services Institute of Australasia	PTACT is a member of the Financial Services Institute of Australasia. A number of PTACT funds management staff have achieved qualifications in financial planning and management through the Institute.
Joint ACT industry/government forum on estate planning	The Public Trustee is represented on this joint industry/government forum on succession planning.

\* meetings are arranged to coincide where possible.

## PUBLICITY/MARKETING

PTACT also seeks to engage with the community in an educative role as well as a provider of services. Under a Statement of Intent (SOI) with the ACT Treasurer, PTACT operates as a customer service-oriented entity along commercial lines and effective marketing is vital to PTACT's ongoing viability.

Australian Public Trustees have agreed to establish a central website to act as a link to each Public Trustee website and to explain what Public Trustees do and the advantages associated with using a Public Trustee. Public Trustees are also cooperating in the development of common products and programs eg Superannuation, advertising, Wills Week etc.

Product and service quality remains PTACT's most effective marketing tool. PTACT's marketing activities are as follows –

- client feedback through a continuous survey and rectification of reported problems;
- investment in the PTACT branding/logo by using it prominently in all advertising, business documentation, website; accommodation etc;
- monthly advertisement and editorial in the Canberra Times "Start Living";
- conduct of an annual Seniors Week and International Women's Day seminar;
- advertisement in the ACT Seniors' Card Directory and Canberra and Calvary Hospital patient and inpatient information guides;
- participation in Law Week feature in Canberra Times
- participated in the Canberra Retirement and Lifestyle Expo each year;
- sponsorship of worthwhile community activities eg Life's Reflection and JACS4GreaterGood; and
- regular addresses to community groups.

The Capital Region Community Foundation



## ANNUAL REPORT 2010/11

### Mission Statement

To "link good people with good causes" by helping people create their own perpetual charitable funds.

### Aims

- To establish and develop a foundation facilitating the creation of perpetual tax-effective charitable funds.
- To encourage everybody in the community to become involved in philanthropy through GreaterGood.
- To give charities an additional unique funding arm.

### About GreaterGood

GreaterGood, The Capital Region Community Foundation, is the Canberra region's only public charitable foundation, established by the Public Trustee for the ACT.

GreaterGood is not a charity, however it is a charitable fund, making it possible for people in the community to establish their own charitable foundations in a low-cost, tax-effective manner under the umbrella of GreaterGood. People can name their charitable fund, recommend the deductible charities and charitable causes to benefit, receive an immediate tax deduction and see their charitable causes benefit from the income generated perpetually.

Unlike many charitable foundations, GreaterGood preserves and invests capital donations to produce a permanent income for the benefit and support of nominated charitable causes. The Public Trustee for the ACT invests donations through common funds and distributions of income are made annually to the recommended charitable beneficiaries.

I am proud to report on the progress of GreaterGood during the past year.

This year, GreaterGood celebrated the significant achievement of the distribution of its 1 Millionth dollar through an event held at the Canberra Business Centre on 28 August 2011. This event celebrated the efforts of those who have given so generously to the Foundation's development and growth since its establishment in 2003. Acknowledgements were also extended to sponsors and to those philanthropists who believe that GreaterGood is the best vehicle for nurturing charitable funds and providing a means of distributing the rewards to intended charities perpetually.

The generous support of the following organisations is acknowledged – ZOO Group, Bluestar Print, Price WaterhouseCooper (Incorporating Walter Turnbull), Corporate Express, The Canberra Times, Yellow Edge and Professional Public Relations.

GreaterGood is invested in a well-diversified portfolio consisting of both local and international equities, fixed interest securities, listed property trusts and cash. Whilst returns on the fund vary each year, it is essential that the foundation is invested in capital growth assets to ensure that the Foundation's annual dividends paid out to charities do not lose their effectiveness over time due to inflation. The asset allocation of these investments is in line with the Public Trustee's Growth Risk Model of 5% Cash, 25% Fixed Interest, 40% Australian Equities, 10% Listed Property and 20% International Equities and the Public Trustee is pleased to report that over the last financial year the Gift Fund returned 11.04% and the Open Fund returned 11.13%.

At 30 June 2011, the Foundation had \$7.93M in accumulated capital and assets and the Board is privileged to recommend to the Trustee income distributions in excess of \$345,000 to charities this year. At the date of this report \$205,000 has been distributed.

I acknowledge the continuing patronage of our valued Patron, Lady Helen Deane.

The Capital Region Community Foundation

PO Box 221 - CIVIC SQUARE ACT 2608

Phone: (02) 6207 9800 - Fax: (02) 6207 9811 - Web: [greatergood.org.au](http://greatergood.org.au) - Email: [publictrustee@act.gov.au](mailto:publictrustee@act.gov.au)

The hard work of all the Board members, our Executive and Administrative staff and our Trustee and Trustee staff has ensured the future success of this excellent facility in generating social benefit in our community.

The Board appointed by the Trustee for the three year term expiring on 30 June 2011 was as follows-

Hon. Margaret Reid AO (Chair)	Diana Forrester	Diane Kargas AM (Deputy Chair)
Richard Gibson	Grant Alleyn	Doug Gillespie (Trustee's Rep)
Catherine Andrews	Chic Henry	Paul Braybrooks OAM
Larry King	Bea Brickhill	Sarah Palic
Michael Byrne	Chris Peters AM	Jennie Cameron AM

30 June 2011 marked the end of the term of the 2008-2011 Board. It is my privilege to record my thanks to each member of the Board, many of who have been foundation members. Our long standing former Deputy Chair, Diane Kargas presented her resignation at the meeting in April.

On behalf of the Board and Trustee I also express my gratitude to our Executive Officers during the year, Vashti Biffanti, Maureen McDonell, Tracey Jay as well as Pat Dart OAM for their continuing administrative support provided to the Board.

I also express my gratitude to the ACT Auditor-General and staff for their assistance with the annual audit of the GreaterGood trust funds. GreaterGood received an unqualified audit report in 2010-11.

Our website was further developed by inclusion of a -

- GreaterGood Friends Page; and
- News page.

During the year, the Trustee successfully recovered input tax credits of \$1,432 (Open Fund) and \$2,332 (Gift Fund).

It is again pleasing to note that an increasing number of Wills is being written by Law Society members containing bequests through GreaterGood following an approach to all practice managers of ACT Law Society members.

Jacs4GreaterGood, the ACT Justice & Community Directorate Workplace giving scheme distributed income of \$500 to the Queensland Premier's Disaster Relief Appeal in January and a further \$750 to Australian Cancer Research Foundation. This is a fantastic achievement for a foundation that is only 2 years old and has a membership of less than 50 staff contributing.

Two students from Ulladulla High School, and one each from Braidwood and Tumut were selected this year to attend the Outward Bound Navigators' course in December 2010. Although one student was unable to complete the course due to injury, the remaining three other students highlighted that the rewards and benefits associated with the program have helped them improve their leadership skills. Funding for the students to attend courses was provided by The Mundango Charitable Fund, Bray Kargas Family Fund, Walter Turnbull Charitable Trust and Harry and Helen Notaras Memorial Fund.

The Salvation Army was the proud recipient of a \$10,000 donation from The Molly Murray Foundation. This contribution will be used to assist victims of the Queensland Flood Disaster.

Scouting Australia was again supported in 2010 by the Molly Murray Foundation and Haddon Spurgeon Charitable Trust. A local Canberra Scout, Charlie Milne was selected from seven applicants to participate in the Young Endeavour program in July 2011.

A consolidated list of charities assisted throughout the year is as follows -

Smith Family - Learning for Life Program	ACT Palliative Care Society
New Zealand Red Cross Earthquake Appeal	Canteen ACT
The Sanctuary Counselling Centre	Belconnen United Sharks JRLFC
TCH - Purchase of Harmonic Generator	St John's Care
Ongoing Rehabilitation Canberra Bushfire Appeal	Children's Cancer Institute Australia
Gungahlin Bulls MRLFC	Queensland Flood Relief Appeal
North Canberra Bears MRLFC	Outward Bound Australia
West Belconnen JRLFC Inc	Salvation Army Flood Appeal

The Capital Region Community Foundation

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Young Endeavour  
 Australian Catholic University Scholarship  
 World Vision Australia  
 Tear Australia Inc  
 Australian Wildlife Conservancy

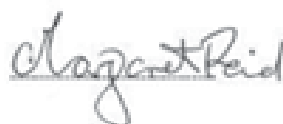
CBM Australia  
 Vision Australia  
 Cerebral Palsy Alliance  
 Tandem Respite Care

During the reported year, the Board met on six occasions as follows –

Attendee	10/08/10	12/10/10	14/12/10	8/2/11	12/4/11	14/6/11	TOTAL
<b>Trustee</b>							
Andrew Taylor	✓	✓	✓	✓	✓	✓	6/6
<b>Board</b>							
Margaret Reid	✓	✓	✓	✓	✓	✓	6/6
Diane Kargas	✓	✓	✓	✓	✓	x	5/6
Grant Alleyn	✓	x	✓	✓	x	✓	4/6
Catherine Andrews	✓	x	✓	✓	✓	✓	5/6
Paul Braybrooks	✓	✓	✓	✓	✓	✓	6/6
Bea Brickhill	✓	✓	✓	x	x	✓	4/6
Michael Byrne	x	x	✓	✓	✓	✓	4/6
Jennie Cameron	x	✓	✓	x	x	✓	3/6
Diana Forrester	✓	✓	x	x	x	x	2/6
Richard Gibson	✓	x	✓	✓	x	✓	4/6
Doug Gillespie	x	✓	✓	✓	✓	✓	5/6
Chic Henry	✓	x	✓	x	x	x	2/6
Sarah Palic	✓	✓	✓	x	✓	✓	5/6
Larry King	✓	x	✓	✓	✓	✓	5/6
Chris Peters	✓	x	✓	x	✓	x	3/6

The continuing focus of GreaterGood for the coming year will be to grow the Foundation by continuing to raise awareness of, and commitment to, charities and charitable causes under the GreaterGood umbrella throughout the region.

Thanks once again to our donors for their continuing support for GreaterGood and its aims and to our hard-working team and our supporters for their capable and generous support during the past year.



Margaret Reid AO  
 Chair  
 1 August 2011

The Capital Region Community Foundation

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## CELEBRATION OF DISTRIBUTION OF MILLIONTH DOLLAR



Diane Kargas AM, Dianne Moir, Rowan Johnstone, Lady Helen Deane, Tony Stubbs, Debra Bowles, Andrew Taylor and Hilary Martin, holding the million dollar cheque.

## PRESENTATION TO CHILDREN'S CANCER INSTITUTE



In January 2011, the Children's Cancer Institute Australia was the proud recipient of a generous donation from the Bob and Gert Munro Memorial Fund. This year the fund distributed \$17,000 which is earmarked for research into long-term health of childhood cancer survivors and their families. The cheque was presented by Mr Larry King GreaterGood board member and received by Mr Martin Shields, Bequest Executive (CCIA) & Brandon Mackintosh, a young cancer patient.

## B.2 INTERNAL AND EXTERNAL SCRUTINY

### ACT AUDITOR-GENERAL

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

In her report following the conduct of the 2009-10 end of year audit, the Auditor-General noted that -

- PTACT had resolved the previously reported audit findings;
- PTACT had established an Audit Committee providing greater assurance that its internal controls are adequate and operating effectively;
- PTACT had improved its financial statement preparation processes so that the financial statements were prepared to an acceptable standard;

The Auditor-General identified the following matters requiring attention -

- Controls over credit card expenditure needed to be improved to reduce the risk of incorrect, irregular or fraudulent expenditure. This has been addressed by introduction of a certification by the Finance Manager and the Public Trustee jointly.
- Salary break-up reports were not always being reviewed in a timely manner. This has been addressed by routine fortnightly audits.
- The financial performance indicators included in the Public Trustee's Statement of Performance are not relevant to its operations. PTACT has always used the template provided by ACT Treasury and has addressed this finding by removing the financial ratio accountability indicators from reporting commencing with the 2011-12 Statement of Intent.

In the Auditor-General's report following the conduct of the 2010-11 end of year audit, an unqualified audit opinion was provided on the basis of the Public Trustee's financial statements. In the report, the Auditor-General identified a number of potential risks affecting PTACT's financial statements. In all risk areas identified, the Auditor-General provided a satisfactory result and no material financial differences or disclosure matters were identified during the audit that were required to be adjusted in the financial statements.

### JUSTICE AND COMMUNITY SAFETY DIRECTORATE ROLLING COMPLIANCE AUDIT PROGRAMME (RCAP)

PTACT is also audited as part of the JACS Rolling Compliance Audit Program (RCAP). RCAP tests key compliance-related internal controls covering legislative, regulatory, fraud and integrity risks.



### Review of Administrative arrangements internal controls and management of trust funds and miscellaneous moneys - PROTIVITI - February 2011

During the reported year, under the RCAP, Protiviti conducted an audit to review administrative arrangements, internal controls and management of trust funds and miscellaneous moneys. The review identified that the funds were managed in a manner that was largely in compliance with the requirements of the FMA and relevant ACT Treasury Guidance and CEFIs.

In its report tabled in February 2011, the auditor made the following recommendations in respect to PTACT -

- A review should be conducted of each Receipt Form prior to entry into TACT. PTACT has implemented the recommended change.
- PTACT should implement a standard form for use by Business Units requesting withdrawal of cash from the Cash Common Fund providing details of requesting and approving officers and appropriate financial delegation. A new form has been implemented.
- Bank reconciliations have been undertaken on an ad hoc basis at end of month. These are now conducted on a routine basis.

### Performance Audit of the Management of Information Security - ACT Auditor-General - April 2011

The ACT Auditor-General conducted an audit to assess whether the ACT Government has suitable systems and frameworks in place to ensure efficient and effective safeguarding of personal (or sensitive) information.

At the time of publishing this report, the Auditor-General's report on the audit had not been finalised.

## **INTERNAL AUDIT COMMITTEE**

The Audit Committee met once on three occasions with the following outcomes -

- 15 July 2010 - PTACT's end of year financial statements were examined for accuracy prior to audit by the Auditor-General. Changes were made to PTACT's MDA as well as to the Financial Statements and Notes.
- 20 January 2011 - ensured that Oakton's recommendations in respect to the certification of Credit card expenditure were implemented. The Committee also examined the salary break-up report and put in place arrangements for a routine fortnightly audit. Financial ratios were also removed from PTACT's financial performance indicators. The committee also completed an audit of PTACT's staff leave records with a number of irregularities identified and resolved and mechanisms implemented to mitigate such occurrences in future.

## ACT OMBUDSMAN

PTACT enjoys a strong collaborative relationship with the Commonwealth Ombudsman and works closely with its officers to ensure fair and just outcomes for our clients.

During the 2010/11 financial year, the Commonwealth Ombudsman, acting in the capacity as ACT Ombudsman, received a total of 11 approaches concerning PTACT, an increase of 1 over 2009-10.

There were no investigations where a finding of administrative deficiency was recorded.

## B.3 LEGISLATIVE ASSEMBLY COMMITTEE INQUIRIES AND REPORTS

### STANDING COMMITTEE ON JUSTICE AND COMMUNITY SAFETY

The Standing Committee on Justice and Community Safety "Inquiry into 2009-10 Annual Reports" considered the Public Trustee's Annual Report in September 2010. No recommendations were made concerning the Public Trustee's Annual Report.

### SELECT COMMITTEE ON ESTIMATES

The Public Trustee appeared before the Select Committee on Estimates 2010-11 on 24 May 2011. Two members of the committee sought responses to Questions on Notice and Questions taken on Notice in respect to the 11 issues. The Public Trustee satisfactorily responded to all questions within the required time.

## B.4 LEGISLATION REPORT

### LEGISLATION

The Public Trustee's operations are established by the –

- *Public Trustee Act 1985.*

The Public Trustee also has responsibilities under the following laws –

- *Administration and Probate Act 1929;*
- *Cemeteries and Crematoria Act 2003;*
- *Confiscation of Criminal Assets Act 2003;*
- *Financial Management Act 1996;*
- *Guardianship and Management of Property Act 1992;*
- *Powers of Attorney Act 2006;*
- *Trustee Act 1925;*
- *Unclaimed Moneys Act 1950; and*
- *Wills Act 1968.*

Copies of these laws are on sale at ACT Government Shopfronts, or can be accessed at no cost through public libraries or via the internet at <http://www.legislation.act.gov.au/>

PTACT provided comment on the following legislative reform matters during the year –

- Advance Care Directives
- Unclaimed Moneys
- Enduring Powers of Attorney
- Wills in electronic form.

## LEGISLATION ENACTED/AMENDED

### ***Public Trustee Act 1985***

The Public Trustee made provision to hold legal records eg Wills and Enduring Powers of Attorney (EPAs) in an electronic Document Management System essentially to permit the Public Trustee to produce certified copies of such documents during the probate/estate administration process.

By A2010-50, S.23A was inserted in the *Public Trustee Act 1985* to permit the Public Trustee to maintain a register of legal records (including Wills and EPAs) in electronic form to the effect that S.155 of the *Evidence Act 1995 (Cwlth)* shall apply to such records.

Additionally, the *Court Procedures Amendment Rules 2011 (No. 2)* commenced on 1 July 2011 which includes amendments to three rules and a new sub-rule –

- Rule 3005(2)(c) – the requirement for the filing of the original will with an application for probate or letters of administration with the will annexed has been amended to allow the Public Trustee to file a certified copy of the will kept in electronic form by the Public Trustee.
- New Rule 3005(2A) – requiring the Public Trustee to produce the original will if directed by the Court.
- Rule 3120 – the requirement that the Court keep original wills has been extended to the Court keeping certified copies of original wills when the original is kept by the Public Trustee in electronic form.

### ***Unclaimed Money Act 1950***

The Public Trustee for the ACT (PTACT) administers the lodgment and payment of claims in respect to moneys payable to the Territory under the *Unclaimed Money Act 1950*.

In the 2010-11 Federal Budget, the government announced that it would introduce a measure to allow the states and territories to transfer unclaimed superannuation money to the Australian Taxation Office (ATO). This aimed to make the treatment of unclaimed superannuation money uniform and easier in both the private and public sectors through central administration.

By A2010-50 an amendment was made to the (ACT) *Unclaimed Money Act 1950*. The amendment came into effect on 14 December 2010 requiring that payment of all

superannuation moneys held by the Public Trustee be made to the Commonwealth by 14 March 2011.

PTACT transferred an amount of \$933,525.00 to the Australian Taxation Office on 11 March 2011 representing the balances of 479 separate accounts.





**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **SECTION C**

## **LEGISLATIVE AND POLICY BASED REPORTING**

## C.1 RISK MANAGEMENT AND INTERNAL AUDIT

The Public Trustee's Management Committee undertakes management responsibility for the administrative operation of PTACT.

NAME OF MEMBER	POSITION	DURATION	MEETINGS ATTENDED/ YEAR
Andrew Taylor	Public Trustee	7 years	5
Doug Gillespie	Senior Deputy Public Trustee	21 years	5
Sue La Peyre	Deputy Public Trustee Manager Estates/Trusts	18 years	5
Joanne Thompson	Deputy Public Trustee Manager Finance	6 years	5
Toni Leiper	Deputy Public Trustee Manager Personal Management Services	6 years	5

PTACT's risk management framework is established by a Fraud, Risk and Corruption Management Strategy covering all investment, financial, operational and administrative responsibilities as well as a Workplace Health and Safety and Injury Management Improvement Strategy. These strategies form the basis of the Public Trustee's Internal Audit Committee's agenda.

These strategies document business processes and environmental issues, identify key risks and measures undertaken to control these risks. The strategies are reviewed biennially in consultation with the Public Trustee Investment Board. The next scheduled review will take place in 2011-12 and will be undertaken in consultation with PricewaterhouseCoopers.

Under the strategies, a number of important risk management initiatives have been implemented during the year –

- Review of leave records and leave applications by PTACT.
- Review of financial statements in particular, issues raised by the Auditor-General in respect to credit card statements, Salary break-up reports and financial ratios.
- Implementation of a Precedent Management System to manage the Public Trustee's precedent letters, forms etc.
- Auditor-General's Review of Information Management Security by PTACT.

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

NAME OF MEMBER	POSITION	DURATION	MEETINGS ATTENDED
Mr Phil Collins	Independent Member	Apptd May 2010	2
Callum Hughes	Chair	Apptd May 2010	2
Doug Gillespie	Member	Apptd May 2010	2
David Stenhouse	Member	Apptd May 2010	1
Joanne Thompson	Observer	Apptd May 2010	1
Andrew Taylor	Observer	Apptd May 2010	1

## INSURANCE

PTACT's insurance risk is covered through policies with AON Insurance as well as through ACT Insurance Authority (ACTIA). The adequacy of these policies is reviewed annually by PTACT's Management Committee. Where necessary client insurance is also used to insure client assets.

## RISK PROFILE MODELS ADDRESS CLIENT INVESTMENT NEEDS

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

PTACT complies with the principle ensuring that investments are made in accordance with an appropriate risk profile and reviewed on an annual basis.

Major risk investment categories applied are Growth, Balanced, Income Stable and Capital Secure. These are invested through sector common funds in tactical asset allocations, which have been set in consultation with an external assets/markets consultant. During the year the Public Trustee appointed PricewaterhouseCoopers as Asset/Markets consultant on an 'as needs' basis.



## C.2 FRAUD PREVENTION

### RISK ASSESSMENT

PTACT's Fraud, Risk and Corruption Management; and Workplace Health and Safety and Injury Management Improvement Strategies establish appropriate risk controls and checks.

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

PTACT's Investment Board plays a significant role in advising 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. In 2010-11 the Board will join with the Public Trustee and PricewaterhouseCoopers in reviewing its investment/funds management risk.

### CODES OF CONDUCT

PTACT has established a Code of Conduct for Service Providers that requires suppliers of services to our clients to undertake that any business on behalf of the Public Trustee will be conducted, respecting that code. The code reflects the special and trusted nature of the Public Trustee's role in the community as well as the expectations that our clients have of us and of our service providers. Our aim is to ensure that our service providers act at all times in a manner that reflects and honours those expectations.C.3

PTACT's Staff Code of Conduct establishes expected standards of staff behaviour. It provides a framework of principles for conducting business and dealing with customers, colleagues and other stakeholders which are to -

- act with integrity and professionalism and be scrupulous in the proper use of information, funds, equipment and facilities;
- exercise fairness, equity, proper courtesy, consideration and sensitivity in dealing with customers, employees and other stakeholders; and
- avoid real or apparent conflict of interests.

No reports or allegations of fraud were made during the year.

## C.3 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.

The JACS Public Interest Disclosure Policy 2007 seeks to provide assistance to people who wish to disclose matters under the Act. Persons interested in making a disclosure may do so to JACS, the ACT Ombudsman or the ACT Auditor-General. If the Public Trustee receives a disclosure directly, it will be forwarded to one of the above.

No public interest disclosures were made during 2010-11.

## C.4 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, as well as a full trustee service similar to those undertaken by trustee corporations and Australian Public/State Trustees.

#### Functions

PTACT's principal functions are to -

- Act as Trustee of deceased estates.
- Act as Trustee of moneys paid as a result of litigation on behalf of persons with a decision-making disability and minors.
- Administer deceased estates.
- Prepare Wills.
- Manage property under orders of the Guardianship and Management of Property Tribunal.
- Financial management under Enduring Power of Attorney.
- Examination of accounts of managers under the *Guardianship and Management of Property Act 1991*.
- Manage and dispose of assets under the *Confiscation of Criminal Assets Act 2003*.

#### Arrangements for external participation

The Public Trustee Investment Board provides direction on investment practice and funds management. The Chief Executive - ACT Long Service Leave Authority, Mr Phil Collins, acts as external representative on the Public Trustee's Internal Audit Committee.

#### Categories of documents

The categories of documents held include -

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

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

### Facilities for access

All Freedom of Information requests should be directed to the Public Trustee at the address listed above.

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

(\*Confidential and available only to authorised persons).

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

No requests were received for access to documents held by the Public Trustee under the *Freedom of Information Act 1996*. A Freedom of Information Statement is contained in the Justice and Community Safety Directorate's Annual Report for 2010-11.

## C.5 INTERNAL ACCOUNTABILITY

### SENIOR EXECUTIVE

#### ANDREW TAYLOR

#### PUBLIC TRUSTEE/CHIEF EXECUTIVE



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

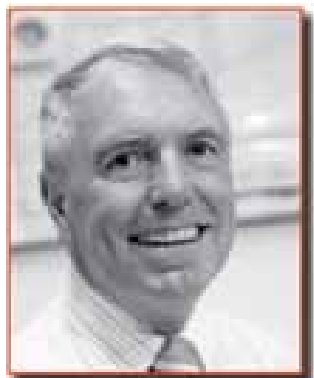
Mr Taylor is Senior Member of the Public Trustee Investment Board, member of the Executive of the National Council of the Trustee Corporations of Australia Inc, member of the Australian Guardianship and Administration Council and past member of the ACT Ministerial Advisory

Council on Ageing. He is trustee for GreaterGood - The Capital Region Community Foundation and a Trustee representing the Ministerial Council on the National Travel Compensation Fund Board of Trustees (representing Tasmania, South Australia and the ACT).

The Public Trustee's responsibilities relative to PTACT's organisational/output structure 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.
- Ensure a high performance culture.

The Public Trustee is remunerated in accordance with a Determination of the Remuneration Tribunal. All other Public Trustee staff are remunerated under the *Public Sector Management Act 1994*.

**DOUG GILLESPIE**  
**SENIOR DEPUTY PUBLIC TRUSTEE**

Doug Gillespie has 45 years experience in the Trustee industry, including 21 years with PTACT. His position has a strong technical focus on trust and estate administration, investment fund management and charitable trusts administration. He is responsible for annual client investment reviews under trustee legislation and overseeing the administration of financial assets in estates, trusts and financial management accounts.

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.

**SUE LA PEYRE**  
**MANAGER - TRUSTS**

Sue La Peyre has been with the Public Trustee since 1989, and is a practising solicitor and member of the Law Society of the ACT. She has experience in the private sector and her responsibilities involve a management, leadership and staff development focus. Her position also assumes a quality control function with the editing and reviewing of work to ensure statutory compliance. Ms La Peyre heads our Estates & Trusts Unit and has responsibility for the administration of more complex Estates, Trusts and Wills.

Ms La Peyre has attained a Bachelor of Arts and a Bachelor of Laws at Sydney University.

**JOANNE THOMPSON**  
**MANAGER - FINANCE**

Joanne Thompson was appointed as Manager-Finance in 2006 and has 21 years experience with the Public Trustee and, prior to that, 5 years with a superannuation trustee company. Ms Thompson manages all Public Trustee accounting functions including office management, government trust accounts, taxation and has responsibility for financial reporting. She is also responsible for ensuring maximum return on cash investments.

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

## TONI LEIPER MANAGER - PERSONAL MANAGEMENT SERVICES



Toni Leiper was appointed as Manager – Personal Management Services in 2006, and is responsible for overseeing and running the Unit. She has extensive experience in Public Trustee administration has overall responsibility for the financial and property affairs of represented clients. These include approximately 458 clients subject to financial management orders, and 67 who have appointed the Public Trustee as their attorney, as well as assets to the value of \$44,612,058.00.

## PUBLIC TRUSTEE INVESTMENT BOARD

The Public Trustee Investment Board was established under the Public Trustee Act 1985 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 in this section of the Annual Report.



Public Trustee Investment Board (left to right) - Andrew Taylor (Senior Member) Christine Goode, Tom Babic, Glenys Roper, Roger Broughton.

## PUBLIC TRUSTEE INTERNAL AUDIT COMMITTEE

The Public Trustee's Internal Audit Committee works with the Dept of Justice and Community Safety Audit Committee to manage all aspects of risk to the Public Trustee.

## PUBLIC TRUSTEE MANAGEMENT COMMITTEE

The Public Trustee's Management Committee focuses on –

- Implementing the Public Trustee's Business Plan and Activity Agenda.
- Public Trustee Investment Management Advisory issues, setting direction, approving investment and reviewing and endorsing asset allocations under the prudent person investment principle.
- Internal Audit.
- Risk Management complementing the audit and management advisory functions.

- Resource Management providing support and advice to the Public Trustee on the management and operations of the office.

The Public Trustee's Organisation Chart is at Part A1 of this report.

## **BUSINESS PLANNING**

PTACT prepares a Business Plan at the commencement of each financial year.

At the same time, PTACT also prepares a Statement of Intent with the ACT Treasurer, in consultation with the ACT Attorney General. PTACT reports against its Business Plan during the year through Status Reports to ACT Treasury as well as through quarterly meetings with the Deputy Director-General, Justice and Community Safety.

PTACT also prepares a Management Discussion and Analysis (MD&A) at the close of each quarter, discussing numerous aspects of the Public Trustee. Among other things, the MD&A provides an overview of the previous period of operation and how the PTACT fared in that time period. The MD&A also touches on the upcoming year, outlining future goals and approaches to new projects.

## **INDEPENDENT ADVICE**

On 14 February 2011, PTACT engaged PricewaterhouseCoopers (PWC) as its external financial markets consultant. PWC provides appropriate independent advice to the Public Trustee and the Public Trustee Investment Board in respect to fund and fund manager performance, investments, asset allocation and risk profiles.

## **LEGAL ADVICE**

In addition to our in-house practicing solicitors, the Public Trustee takes advice from the ACT Government Solicitor and, in relation to client matters, through the private sector.

## **DELEGATIONS**

Financial delegations are established under the *Public Trustee Act 1985*, the *Financial Management Act 1996* and the *Audit Act 1989*. Delegations are reviewed each financial year.



## PUBLIC TRUSTEE INVESTMENT BOARD PUBLIC TRUSTEE FOR THE ACT

### ANNUAL REPORT 2010/11

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

Under the Act, the Board must consist of the Public Trustee as 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.

#### FUNCTION

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

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

#### MEMBERSHIP

The Board consists of the Public Trustee, Andrew Taylor and four members appointed by the ACT Attorney General.

To obviate the potential for all positions to be vacated simultaneously, appointments are made on a staggered basis.

The current Investment board appointed by the Attorney General is as follows–

- |                   |                           |
|-------------------|---------------------------|
| • Tom Babic       | - 2 years to 3 March 2013 |
| • Glenys Roper    | - 3 years to 3 March 2014 |
| • Christine Goode | - 3 years to 3 March 2012 |
| • Roger Broughton | - 3 years to 3 March 2012 |

**Mr Tom Babic** brings to the Board, expertise in financial planning and investment. Mr Babic is the principal of his own 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 to 1997 he was Senior Portfolio Manager, Total Risk Management, Commonwealth Funds Management. Mr Babic has a Bachelor of Commerce (Deakin University) and a Certificate in Financial Planning (Securities Institute).

**Ms Glenys Roper** is Director of Roex Management, providing business and management advice. From 1997–2000, Ms Roper was Chief Executive for the Office of Government Online, responsible for federal government strategy for electronic service delivery and 'back end' processing. Ms Roper is a currently a member of several other Boards including Chair, ACT Long Service Leave Authority Board; Director, NSW Superannuation Administration Corporation; Trustee Director, AvSuper; and, Deputy Chair, ACT Cultural Facilities Corporation. Ms Roper is also Chair and Member of a number of Risk and Audit Committees of Commonwealth agencies.



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

**Mr Roger Broughton** is currently Executive Director, Investment and Economics, ACT Treasury. Mr Broughton has extensive experience in financial and economic policy together with his responsibilities in the financial management and investment of ACT Government funds and superannuation liabilities and assets. Mr Broughton is also Deputy Chair of the Government Procurement Board. Prior to embarking on a public service career, Mr Broughton spent 17 years in the energy and water industries. He currently oversees around 60 percent of the ACT's revenue and 95 percent of its financial assets and liabilities as well as the Government's Risk Management Policy.

During the year PTACT appointed PricewaterhouseCoopers to provide asset/markets consultancy services to the Board. PwC provides similar services to a number of other Public Trustees around prudent person investment. It is proposed to contract PwC to undertake a review and risk management assessment of the Public Trustee's significant investment/funds management undertakings.

The Board monitored the administration of PTACT's investment common funds throughout a year of variable market performance. Due to appropriate diversification of the common fund risk models, capital recovery has continued and income return for the year has been commendable.

#### MEETING ATTENDANCE TABLE

Board Member	Meeting			
	17.08.10	16.11.10	22.02.11	23.05.11
Andrew Taylor (Sen Member)	✓	✓	✓	✓
Tom Babic (apptd Mar 2011)	Observer	-	-	✓
Glenys Roper	✓	✓	✓	✓
Christine Goode	✓	✓	✓	X
Roger Broughton	X	✓	X*	✓

\*Mr Patrick McAuliffe (ACT Treasury) attended in Mr Broughton's inability

#### OUTCOMES

During the year the Board welcomed Mr Tom Babic as a new member and the following matters came before the Board for consideration-

- ∴ Following a review of external asset/market consultant arrangements PwC was appointed to provide asset/markets consultant services and fund manager reporting to the Board.
- ∴ Following consideration of a paper prepared by the Public Trustee examining the risks, transition costs and alternative passive style managers, the Board recommended the transfer of PTACT's Fixed Interest Fund from Suncorp Metway as an active manager to Vanguard Australia as a passive style manager.
- ∴ Board considered PTACT's Investment Report and recommended a change to add a further column comparing PTACT's Common Funds against their relative benchmark as well as comparison of each risk model against their stated objectives.
- ∴ Board recommended that PTACT include in its cash management report a rating against each of the financial institutions.

- ∴ Board recommended that PwC conduct a risk management review of PTACT's Investment arrangements in 2011.
- ∴ Board noted and provided comment on a paper prepared by PTACT on the most appropriate means of investing client funds in superannuation.
- ∴ Board provided comment on the exposure to property in a particular trust under administration by PTACT as co-trustee.
- ∴ Supervision of and recommendation in respect to PTACT's internally managed Cash Common Fund with interest rates rising from 4.5% at 1 July 2010 to 5.00% at 30 June 2011.

I wish to record my thanks to Board members, Tom Babic, Roger Broughton, Christine Goode and Glenys Roper, together with Senior Deputy Public Trustee, Doug Gillespie, Deputy Public Trustee and Finance Manager, Joanne Thompson as well as PricewaterhouseCoopers for their valuable advice and contribution to the office during 2010/11. The Board is also grateful for the assistance of Patrick McAuliffe, David Stenhouse and Katherine O'Sullivan during the year.



Andrew Taylor  
**SENIOR MEMBER/  
PUBLIC TRUSTEE**  
1 July 2011

## C.6 HUMAN RESOURCE PERFORMANCE

PTACT's Human Resource performance accords with the following priorities derived from the priorities in the *Canberra Plan Towards The Second Century* –

### → Delivering for the Future

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

Canberra has an ageing population and the demand for services provided to older persons is on the increase. Strategically, PTACT seeks to develop its business and commercial activities to ensure adequate funding for its Community Service Obligations.

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

### → Strengthening Organisational Resilience

PTACT's business development activities and funds management policies and practices have enabled PTACT to recover strongly from the Global Financial Crisis. PTACT's clients require some degree of certainty that their funds are preserved and prudently invested to provide some degree of resilience to risk. PTACT categorises and groups its funds management clients into risk profiles to ensure rigorous and appropriate investment solutions to meet the demands of the circumstances. Business levels for the past 12 months highlight that PTACT has the resilience to recover strongly following two years of losses under the Global Financial Crisis.

### → Sustaining Community Confidence

PTACT provides its services directly to the Canberra Community. We seek to engender community confidence in our services and products by surveying client sentiment following the delivery of services. We actively respond to client comment and suggestion and our clients routinely report that they would refer their family, friends and acquaintances to PTACT. We provide editorials through the Canberra Times every month seeking to inform and educate the Canberra community in trust and succession matters. We are also highly active in achieving financial support for local charity through GreaterGood, our community foundation by "linking good people with good causes".

### → Working Collaboratively

PTACT has strong industry and community links both at local and national levels. We work collaboratively as members of the Executive of the Trustee Corporations of Australia, Australian Guardianship and Administration Council (AGAC) and Public Trustee Forum. We have a close working relationship with the Public Advocate and ACT Civil and Administrative Tribunal (ACAT) and work collaboratively to achieve the best result for financial management clients.

PTACT also works collaboratively with the JACS Directorate to contribute to the Directorate's strategies and outcomes. PTACT also works with the ACT Office for Ageing by sponsoring Life's Reflections each year.

#### → Enhancing Skill and Capabilities

PTACT is a learning organisation and provides excellent opportunities to its staff to access contemporary industry training. We have invested in technology to facilitate better use of staffing resources and to improve capability across our product and service range. We propose to invest in the development of smart IT solutions to assist us in responding to higher demands on our products and services.

## C.7 STAFFING PROFILE

### OUR STAFFING PROFILE

#### FTE and headcount

	FEMALE	MALE
FTE by Gender	25.6	11.7
Headcount by Gender	26	12
% of Workforce	68%	32%

#### Classifications

CLASSIFICATION GROUP	FEMALE	MALE	TOTAL
Administrative Officers	23	10	33
Executive Officers		1	1
Legal Officers	1		1
Senior Officers	2	1	3
TOTAL	26	12	38

#### Employment Category by Gender

EMPLOYMENT CATEGORY	FEMALE	MALE	TOTAL
Permanent Full-time	21	9	30
Permanent Part-time	2		2
Temporary Full-time	3	1	4
Temporary Part-time		2	2
TOTAL	26	12	38

## Average Length of Service by Gender

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

## Total Average Length of Service by Gender

GENDER	AVE LENGTH OF SERVICE
Female	7.2
Male	8.6
Total	7.6

## Age Profile

AGE GROUP	FEMALE	MALE	TOTAL
←20			
20-24			
25-29	1	4	5
30-34	2	2	4
35-39	1		1
40-44	1	2	3
45-49	9	1	10
50-54	5		5
55-59	5	1	6
60-64		2	2
65-69	2		2
70+			

**Agency Profile**

BRANCH/DIVISION	FTE	HEADCOUNT
Public Trustee for the ACT	37.3	38
<b>Total</b>	<b>37.3</b>	<b>38</b>

**Agency Profile by Employment Type**

BRANCH/DIVISION	PERMANENT	TEMPORARY	CASUAL
Public Trustee for the ACT	32	6	0
<b>Total</b>	<b>32</b>	<b>6</b>	<b>0</b>

**Equity & Workplace Diversity**

	A	B	C		
	ABORIGINAL AND/OR TORRES STRAIT ISLANDER EMPLOYMENT	CULTURALLY & LINGUISTICALLY DIVERSE (CALD) EMPLOYMENT	EMPLOYMENT OF PEOPLE WITH A DISABILITY	NUMBER OF EMPLOYEES WHO IDENTIFY IN ANY OF THE EQUITY & DIVERSITY CATEGORIES (A, B, C)*	WOMEN
Headcount	0	2	0	2	26
% Tot Staff	0.0%	5.3%	0.0%	5.3%	68.4%

**EMPLOYMENT ARRANGEMENTS**

Our people are engaged under the *Public Sector Management Act 1994*, as varied by the JACS Enterprise Agreement 2010/11.

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

## C.8 LEARNING AND DEVELOPMENT

### TRAINING

Investing in our people, culture and reputation is a continuing focus. The major part of our learning strategy is provided through on-the-job experiences with around 30% coming from exposure via peers, coaches and mentors as well as formal education.

The unique nature of our services in government brings with it an imperative to recruit and develop staff with a commensurate level of trustee industry experience, skills and qualifications.

PTACT's Practice Manual is a "work in progress" and provides a resource for staff and management alike. Our staff participates with peer industry groups in accessing appropriate training and exposure to contemporary industry issues. Continuing Legal and Taxation Education is provided to our professional and para-legal staff to meet the demands of an increasingly complex legal/accounting/tax environment, and to complement our management of risk.

Formal industry training is presently sourced through the University of Western Sydney and the Financial Services Institute of Australasia.

During the reported year, approximately \$20,000 was spent towards staff training. In addition some \$15,000 of training was provided by the JACS Directorate principally in the form of Executive Development, RED training etc.

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

INITIATIVE	DETAILS (NO OF PARTICIPANTS)
ACT Civil and Administrative Tribunal (ACAT) - The First Year	2
Administrative Assistants Conference	1
Australian Business Study Tour	1
Chameleon training	7
Changes to Intestacy Law	2
Conveyancing issues	1
Excel 2007/2010 Beginner	10
Executive Council of Trustee Corporations of Australia (TCA)	1
Inductions – JACS	6
Hot Heads & Cranky People	15
Managing Workplace Bullying & Harassment	4
Mental Health Responses	1
Media training for executives	1



INITIATIVE	DETAILS (NO OF PARTICIPANTS)
Professional Development Programs	1
Professional Ethics and Risk Management	1
Managing Your Time	1
Outlook 2007/2010 – Beginners/Intermediate	3
NTAA Tax Hotspots II	1
Personal Achievement and Development Plan Training	29
Privacy	2
Skills & Strategies for Difficult calls	5
Suicide Risk Assessment	1
Superannuation and Wills	3
Tips and Traps – Powers of Attorney	2
Word 2007/2010 Beginner	3
Certificate IV in Government (Project Management) Program	1
Certificate IV in Financial Services (Personal Trust Administration)	
→ Administer a Complex Trust	2
→ Administer a Complex estate	2
→ Administer an Intestate estate	1
→ Administer a non complex estate	2
→ Administer a non complex trust	1
→ Establish Powers of Attorney	2
→ Establish entitlements to an Intestate estate	1
→ Financial Administration Orders	1
→ Advise Clients on Trust Structures	1
→ Advise Client in Estate Planning	1
→ Administer Powers of Attorney	1

## PERFORMANCE MANAGEMENT

PTACT's Personal Achievement and Development Plan was first introduced in 2007 seeking to address our capability by in turn addressing those underlying issues, which support and develop capability at an individual level.

Managers of PTACT business units undertake audits of work completion in accordance with accepted industry standards eg completion of estates within an acceptable time frame and lodgement of income tax returns within the prescribed time.



The Internal Audit Committee conducts random audits of mechanisms such as leave management, absenteeism etc.

A Project Officer will be engaged for 12 months to implement/enhance/complete a number of internal projects including Chameleon Clauseworks (Will making software), TACTICS (TACT enhancements), Auto Share Update System, Sharepoint (PTACT Intranet and Manual), IDMS, Precedent Management System and a replacement Unclaimed Moneys System. This will seek to improve the efficiency and effectiveness of a number of existing work practices.

## C.9 WORKPLACE HEALTH AND SAFETY

PTACT is subject to the JACS Occupational Health and Safety policy. The JACS Annual Report includes PTACT statistics in respect to S.171 & 172 of the *Work Safety Act 2008*.

PTACT has appointed two OH&S representatives to deal with workplace health and safety issues through our Management Committee.

PTACT Managers undertook training in respect to the ACT Government's Respect, Equity and Diversity (RED) Framework. The Public Trustee has accepted responsibility as the Executive Sponsor for the JACS Directorate. An RED Contact Officer was appointed to promote activities associated with RED.

On the establishment of the PTACT Internal Audit Committee, a Health and Safety risk analysis was conducted and resulting in a Workplace Health and Safety and Injury Management Improvement Strategy for PTACT.

Under the strategy, the following health and safety measures were implemented –

- Reviewed cause of minor fire at warehouse and modified power cut-out switch to include toilet lights.
- Conducted a Workplace Health and Safety awareness session for staff with presentation by Brian Jones, Manager Environmental Health Protection Service, ACT Health Directorate as well as Damien Dal Cortivo and Azadeh Hatami from People and Workplace Strategy.
- Implemented monthly checks by Workplace Safety reps of protective clothing/equipment maintained in vehicles. Kits audited and re-stocked.
- Checked and tested all duress alarms.
- Replacement ergonomic seating provided to suit the individual needs of staff as required.
- Influenza Vaccine administered to 22 out of 35 PTACT staff at no personal cost.
- Project Management Training was provided to one Workplace Safety representative.
- Tested and tagged all PTACT electrical appliances.
- First Aid Kit regularly checked and maintained.
- Undertook a fire safety audit, fire evacuations and installed fire safety signs.
- Tested smoke alarms and sprinklers.
- Bullying and harassment training provided to all PTACT staff.

- Implemented a policy by which PTACT staff do not enter/exit through Reception to de-personalise any connection with potentially harmful clients.
- 30% of all PTACT staff have signed up and regularly attend a new gym established adjacent to PTACT's premises.
- Double-glazed windows installed to improve air-conditioning.
- Installed new automatic hand driers, soap dispenser and taps.
- Installed safety sticker to new glass sliding doors.
- Three reimbursements made for staff eye-testing and \$793.12 representing 8 claims were made for health and well-being initiatives.

The table below sets out PTACT's Incident Summary for 01/07/2010 – 30/06/2011 based upon information provided by the Workplace Injury Performance Unit of Chief Ministers Department.

STATUTORY OFFICE	SECTION 38 NOTIFIABLE INCIDENTS	INCIDENTS WITHOUT INJURY	MINOR INJURIES	LOST TIME INJURIES	TOTAL ALL INCIDENTS
Public Trustee for the ACT	2	0	0	5	5

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 for 2011-12 is \$56,166.82 compared to \$45,135.33 for 2010-11. This premium reflects influences external to the office and is not indicative of the Public Trustee's claims history. The rate for PTACT represents 2.23% of wages and salaries against the rate for ACT Government as a whole which is 3.46% of salary.

## C.10 WORKPLACE RELATIONS

This has been covered in the JACS Annual Report 2010-2011.

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

DESCRIPTION	NO. OF INDIVIDUAL SEAS	NO. OF GROUP SEAS	TOTAL EMPLOYEES COVERED BY GROUP SEAS**	TOTAL
	A	B	C	(A-C)
	SEAS			
Number of SEAs as at 30 June 2011	1	Nil	Nil	1
Number of SEAs entered into during period	1	Nil	Nil	1
Number of SEAs terminated during period	Nil	Nil	Nil	Nil
The number of SEAs providing for privately plated vehicles as at 30 June 2011	Nil	Nil	Nil	Nil
Number of SEAs for employees who have transferred from AWAs during period	Nil	Nil	Nil	Nil
	AWAs			
Number of AWAs as at 30 June 2011	Nil	Nil	Nil	Nil
Number of AWAs terminated/lapsed (including formal termination and those that have lapsed due to staff departures)	Nil	Nil	Nil	Nil

	CLASSIF. RANGE	REMUN AS 30. 6. 2011
Individual and Group SEAs	SOG GradeB	\$133,781.00
AWAs (includes AWAs ceased during period)	Nil	Nil

## C.11 STRATEGIC BUSHFIRE MANAGEMENT PLAN

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

## C.12 STRATEGIC 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

The only government asset directly managed by the Public Trustee is a commercial van which was valued at \$11,000.00 in 2010. This asset is internally managed in respect to insurance and maintenance and will not need replacing for at least two years. PTACT carried out only minor repairs and maintenance in addition to scheduled servicing during the year. The van is insured through ACTIA.

### WAREHOUSE

PTACT also has title to a small warehouse at 50-52 Grimwade Circuit, Mitchell. The asset is not recorded as a government asset and is recorded as a trust asset. The title to the warehouse is unencumbered.

The warehouse is used to store client effects relating to deceased estates and financial management clients. The warehouse is also 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 insurances are sourced through the Public Trustee's insurance portfolio with ACTIA.

The unit was inspected and valued on 12 July 2010 by Herron Todd White at \$305,000.00. Revaluation is conducted on a three-yearly basis. Following a minor electrical fire an assessment was undertaken and repairs made under Owners' Corporation insurance. To mitigate the risk of re-occurrence, the automatic power cut-out was extended to include the toilet lights. The warehouse contains no hazardous materials.

During 2010-11 no significant assets were added to, or removed from, the Public Trustee's corporate assets register. During the year, as a result of a Workplace Health and Safety audit, the shelving was replaced at a cost of \$21,519.00.

### OFFICE ACCOMMODATION

The Public Trustee employs 38 staff accommodated in 620 sq metres on the Ground Floor, 221 London Crct, Canberra City. The premises were recently extended providing growth for an additional 6-8 staff. All employees are accommodated in an office environment.

During the year however, a new compactus (\$5,121.32) was acquired.

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

## C.13 CAPITAL WORKS

During 2010-11 PTACT accepted an offer by the building owner to enclose an area of approximately 85sq metres immediately adjoining the existing premises. The fitout cost associated with this was approximately \$56,000.00. The fit-out was approved by ACT Accommodation Strategy and Procurement Solutions and completed in January 2011.

## C.14 GOVERNMENT CONTRACTING

### PROCUREMENT PRINCIPLES AND PROCESSES

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

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

The selection of fund managers by PTACT is however exempt from the provisions of the *Government Procurement Act 2001* as the services procured are for trust purposes and not for government purposes. Notwithstanding the procurement principles set out in the Act are used as a guide.

### EXTERNAL SOURCES OF LABOUR AND SERVICES

Contracts currently entered into and continuing include –

- Robert Johnson and Associates for services as asset/markets consultant – Daily cost \$1,500 as required - Contract dated May 2000 and terminated 6 August 2010.
- PriceWaterhouseCooper for services as asset/markets consultant – Cost per report is \$5,500 and two reports were provided during the year. A Letter of Engagement was signed in February 2011.
- 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 Tyndal for services as Fund Manager for Australian Equities Common Fund – Rate .66% - contract dated November 2005
- Asteron – for custodian services in respect to the Public Trustee's Australian Equities Fund - Rate .1% - Contract dated November 2005.
- Ultradata for use under licence and technical support of TACT Business System – Rate for 2010-11 - \$76,779.72 – Contract dated 1986 and reviewed 2006 (does not include software updates).
- DPL for licence fees for the acquisition and ongoing use of the Chameleon Wills Drafting System. Annual licence fee - \$24,000.
- AA Absolute Access for IT services associated with building an Access database to manage PTACT's letter precedents \$13,175.00.

## INTEREST PAID ON COMMERCIAL ACCOUNTS

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

## C.15 COMMUNITY GRANTS, ASSISTANCE, SPONSORSHIP

NO.	ORGANISATION/ RECIPIENT	PROJECT DESCRIPTION/ PROCESS/PERIOD OF TIME ENGAGED	OUTCOMES	AMOUNT
1.	ACT Office for Ageing	Life's Reflection - Senior's Week - March 2011 - one week.	Engage with Seniors, a major PTACT client group.	\$3,000
2.	JACS4GreaterGood	Justice and Community Safety Workplace Giving Scheme - benefits charity in the ACT Region - one year.	Reflects PTACT's community engagement - invests in a major potential source of income for PTACT	\$5,000

## C.16 TERRITORY RECORDS

PTACT's Records Disposal Schedule is available at:  
<http://www.legislation.act.gov.au/ni/2006-30/default.asp>

A records management framework has been implemented in accordance with the schedule.

Appropriate training and resources have been made available to Public Trustee staff to comply with the requirements of the Act.

PTACT has made arrangements for the exemption of PTACT client files from the public access provisions in the *Territory Records Act 2002*.

PTACT sought and was granted a *Territory Records Act 2002* S.28 declaration to prevent public access to its client files relating to the business of the Public Trustee and in its capacity as statutory successor to the Curator of Estates of Deceased Persons. The application was granted by the Director, Territory Records on 4 July 2008 (Exemption no 97).

Subject to the exemption, PTACT will provide access to a person to search their own records to establish links with their Aboriginal and Torres Strait Island Heritage.

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

## C.17 HUMAN RIGHTS ACT 2004

### TRAINING

All PTACT managers and middle managers were provided with Human Rights training during the reported year. All PTACT Managers attended a one-day course on workplace safety including harassment and bullying training.

### INFORMATION

PTACT has developed a Staff Code of Conduct establishing expected standards of behavior for staff undertaking their work. The Code highlights the need for PTACT staff working within a human rights framework to exhibit expected standards 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.

The Public Trustee is represented on the Justice and Community Safety Workplace Consultative Committee through which human rights information is disseminated to staff.

### LIAISON

During the year, PTACT recommended and worked with Legal Policy to achieve an amendment to the *Wills Act 1968* to implement the Standing Committee of Attorneys-General initiative to introduce statutory wills provisions. The amendments give the Supreme Court the power to make an order authorising a will to be made, altered or revoked for a person who does not have testamentary capacity. This amendment is intended to avoid circumstances where a person may not benefit due to the laws of intestacy and testamentary capacity, and is consistent with statutory wills provisions in other jurisdictions.

This is an important human rights initiative recognising the needs of persons who otherwise would have no right or facility to have their testamentary wishes recorded.

### REVIEWS

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

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). Additionally, AGAC members are actively seeking the development of a single Australian EPA without the need for it to be registered in every jurisdiction where property is held where administering estates.

## LITIGATION

The Public Trustee is appointed as Financial Manager, by the Guardianship and Management of Property Tribunal 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. We seek to impose the minimal impact necessary, mindful of the rights of represented persons and encourage protected persons to live in the general community as independently as possible.

PTACT acts in a range of capacities, where it is necessary to protect the rights of persons either with an age or intellectual disability. Additionally, as executor, the Public Trustee acts to protect the interests of the testator. Our responsibilities involve regular legal representation in respect to existing and prospective clients.

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

- new or existing financial management orders by ACAT;
- the defence of a number of estates in our role as executor; and
- the making of restraining orders on behalf of PTACT staff to protect their rights as well as those of disaffected clients.

## C.18 COMMISSIONER FOR THE ENVIRONMENT

S.23 of the *Commissioner for the Environment Act 1993* requires the Public Trustee to report on –

- requests for staff to assist in the preparation of the State of the Environment Report;
- assistance provided in response to such a request;
- investigations carried out by the Commissioner for Sustainability and the Environment of any activities carried out by the agency; and
- recommendations made by the Commissioner following an investigation of the agency's activities, and any actions taken in response to those recommendations.

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



## C.19 ACT MULTICULTURAL STRATEGY 2010-2013

PTACT's progress against the focus areas contained in the ACT Multicultural Strategy 2010-2013 is as follows -

FOCUS AREA	PROGRESS
Languages	PTACT uses plain English in its website and brochures and has included appropriate aids to assist in accessing interpreting services.
Children and Young People	PTACT acts as trustee for a number of minors. In doing so we respect their rights and needs of we seek to prudently any assets entrusted to us for their care and development.
Older People and Aged Care	PTACT also provides addresses to older people in multicultural communities on the importance of having an up to date Will and Enduring Power of Attorney.
Women	PTACT celebrates International Women's Day by providing free access to a Wills and Estates seminar during March. A free Will was provided to all women attending the seminar.
Refugees, Asylum Seekers and Humanitarian Entrants	PTACT does not have any direct involvement with Refugees, Asylum Seekers and Humanitarian Entrants other than through Will-making and EPA services
Intercultural Harmony and Religious Acceptance	PTACT provides a number of information seminars to people of diverse cultural and religious groups.

## C.20 ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

### ANNUAL PROGRESS AGAINST PERFORMANCE INDICATORS

PTACT amended its website to bring it into line with issues contained in the Style Guide in respect to Indigenous Australians.

PTACT prepared a fact sheet on Wills/Estates on Indigenous Australian residents of the ACT, published on the PTACT website.

PTACT provides services to the ACT Community, seeking to ensure that community members enjoy the same level of access to our services regardless of economic or cultural considerations.

In delivering our services we exercise compassion by partial or full waiver of fees and charges on the basis of hardship.

We undertake Community Service Obligations for members of the community under a disadvantage, including those with impaired decision-making ability. These services include drafting Wills and Enduring Powers of Attorney and administration of deceased estates.

## C.21 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

Report prepared by Environment and Compliance Management, JACS as part of the Dept of Justice and Community Safety Annual Report.

## C.22 ACT WOMEN'S PLAN 2010-2015

The Public Trustee's response, against objectives identified in the ACT Women's Plan Action Plan 2010-2015, is as follows –

(CONT)	SOCIAL	ENVIRONMENTAL
<b>Strategic outcome</b> → Women and girls equally and fully participate in and benefit from the ACT economy.	<b>Strategic outcome</b> → Women and girls equally and fully participate in sustaining their families and communities and enjoy community inclusion and wellbeing.	<b>Strategic outcome</b> → Women and girls equally and fully participate in planning and sharing a safe, accessible and sustainable city.
<b>Priority areas</b> → Responsive education, training and lifelong learning → Flexible workplaces → Economic independence and opportunities → Leadership and decision making	<b>Priority areas</b> → Safe and respectful relationships → Good health and wellbeing → Safe and accessible housing	<b>Priority areas</b> → Safe and responsive transport and urban planning → Sustainable environment
<b>Indicators of Progress</b> Education & training pathways for women and girls → Professional training and study assistance for female staff. Increased opportunities for the advancement of women in the workforce → PTACT has 3 women out of 4 Deputy Public Trustees. A further position of Senior Trust Officer has been created in PTACT's Estates/Will has been created. Increased economic leadership and decision-making opportunities for women and girls → Predominantly female staff - a large proportion of decision-making in respect to client and financial matters is made by those female staff	<b>Indicators of Progress</b> Recognition of women and girls' contribution to the community. → Celebrated International Women's Day in March 2011 providing a free will for all women attending Increased community leadership and decision making opportunities for women and girls. → PTACT's female staff provide regular presentations to community groups on the importance of having an up to date Will and Enduring Power of Attorney Affordable and accessible gender and culturally sensitive services. → PTACT addresses womens' and ethic representative groups on the above services.	<b>Indicators of Progress</b> Available opportunities for women and girls in decisions about urban planning, transport and the environment. → Not applicable Consideration towards women and girls' safety, security and accessibility when designing, building or retrofitting public facilities. → Not applicable.

ECONOMIC (cont)	SOCIAL (cont)	ENVIRONMENTAL (cont)
<p><b>Indicators of Progress</b></p> <ul style="list-style-type: none"> <li>→ The new GreaterGood Board and PTACT Investment Board have gender balanced membership.</li> </ul> <p>Improved financial equity</p> <ul style="list-style-type: none"> <li>→ PTACT's female staff enjoys total equity with male employees.</li> </ul>	<p><b>Indicators of Progress</b></p> <p>Pathways for women experiencing disadvantage, social exclusion and isolation.</p> <ul style="list-style-type: none"> <li>→ PTACT acts as advocate and financial manager for women who have lost decision-making ability as well as acting as attorney for women under EPA.</li> </ul> <p>Addressing violence against women and their children and protection and support for victims.</p> <ul style="list-style-type: none"> <li>→ PTACT has no program in place however contributes to JACS Directorate outcomes in this regard.</li> </ul>	<p><b>Indicators of Progress</b></p> <p>Two women appointed to PTACT's Investment Board and two women were appointed to the GreaterGood Board.</p>

## C.23 MODEL LITIGANT GUIDELINES

PTACT does not undertake litigation in respect to government matters however, given the nature of our responsibilities, litigation is undertaken on behalf of our trust, estate and financial management clients.

Arrangements have been made with the Public Trustee's panel of legal service providers to ensure that they are aware of the *Law Officer (Model Litigant) Guidelines 2010 (No 1)* and apply them in the representation of the Public Trustee and its clients.

## C.24 ACT STRATEGIC PLAN FOR POSITIVE AGEING 2010-11

PTACT addressed community groups on 12 occasions during the year in respect to the importance of having an up to date Will and Enduring Power of Attorney. Additionally a free public seminar was held at the Ainslie Club during Seniors Week in March 2011. All Seniors of 60 years and over in attendance were offered a free Will.



**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **ANNEXURE – FINANCIAL STATEMENTS**



## ACT AUDITOR-GENERAL'S OFFICE



### REPORT OF FACTUAL FINDINGS PUBLIC TRUSTEE FOR THE ACT

To the Members of the ACT Legislative Assembly

#### Report on the statement of performance

I have reviewed the statement of performance of the Public Trustee for the ACT for the year ended 30 June 2011.

#### Responsibility for the statement of performance

The Public Trustee is responsible for the statement of performance. This includes responsibility for maintaining adequate supporting records and internal controls that are designed to prevent and detect fraud and error and the procedures used to measure the results reported in the statement of performance.

#### The auditor's responsibility

My responsibility is to provide a report of factual findings on the performance measures included in the statement of performance of the Public Trustee for the ACT as required by the *Financial Management Act 1996* and *Financial Management (Statement of Performance Scrutiny) Guidelines 2011*.

I have reviewed the statement of performance of the Public Trustee for the ACT for the year ended 30 June 2011, in order to report on whether any matters have come to my attention which indicates that the statement of performance is not fairly presented in accordance with the *Financial Management Act 1996*.

This review was conducted in accordance with the Australian Auditing Standards applicable to review engagements. A review is primarily limited to inquiries of the representatives of the Public Trustee's Office, analytical and other review procedures and the examination of other available evidence. As review procedures do not provide all of the evidence that would be required in an audit, the level of assurance provided is less than given in an audit. I have not performed an audit and have not expressed an audit opinion on the statement of performance.

The review did not include an assessment of the relevance or appropriateness of the measures contained within the statement of performance.

I have not expressed an opinion 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 this report of factual findings. If users of the report of factual findings 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**

I followed applicable independence requirements of Australian professional ethical pronouncements in conducting this review.

**Review opinion**

Based on my procedures, no matters have come to my attention which indicate that the statement of performance of the Public Trustee for the ACT for the year ended 30 June 2011 does not fairly present the performance of the Public Trustee for the ACT in accordance with the *Financial Management Act 1996*.



Bernie Sheville  
Director, Financial Audits  
14 August 2011

**Public Trustee for the A.C.T.  
Statement of Performance  
For the Year Ended 30 June 2011**

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**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 2011 and also fairly reflects the judgements exercised in preparing them.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

11 August 2011

**PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2011**

Performance of the Public Trustee for the A.C.T. is measured by the increase in volume of new business, the return on investment of client funds, and by client satisfaction, which includes the ability of the Public Trustee Office to meet agreed standards and to provide professional, and efficient services to the ACT community.

INDICATOR	Target 2010-11	Actual Outcome 2010-11	Variance %	Notes
Number of current financial management accounts under orders of the ACT Civil and Administrative Tribunal (ACAT)	453	473	4.42	1
Number of active financial management accounts under Power of Attorney and Enduring Power of Attorney	72	61	(15.2)	2
Number of responses to community call outs following death	5	3	(40.0)	3
Number of welfare funerals arranged	3	5	66.7	4
Number of examinations of accounts provided from external managers under orders of the ACT Civil and Administrative Tribunal (ACAT)	342	440	28.6	5
Number of deceased estate administrations completed < \$100,000	33	38	15.1	6
Number of deceased estate administrations completed > \$100,000	28	63	125.0	6
Number of trusts held under legal liability < \$100,000	423	374	(11.6)	7
Number of trusts held under legal liability > \$100,000	32	50	56.2	7
Wills	725	653	(9.9)	8
Percentage of expenditure over total income	107%	76.5%	(28.5)	9

**Notes**

1. The number of clients under ACT Civil and Administrative Tribunal (ACAT) Orders was higher than expected due to the appointment of the Public Trustee as manager when no other person is willing or available.
2. The number of Enduring Power of Attorneys reduced in 2010-11 due to death, transfer of clients to ACT Civil and Administrative Tribunal (ACAT) Orders and individuals now having their affairs in order and having the ability to manage their own funds.
3. The number of Australian Federal Police call-outs following death are dependent upon the ability to contact/find known family members. Public Trustee involvement is usually a last resort.



**PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2011**

**Notes (Continued)**

4. The number of Welfare Funerals arranged are dependent upon the level of funds of deceased persons and the ability of the Public Trustee to contact known family members.
5. The number of accounts examined is reliant upon external managers providing accounts to the Public Trustee on an annual basis once contacted by the ACT Civil and Administrative Tribunal.
6. The number of finalised deceased estates being administered by the Public Trustee that have a value of less than, or more than \$100,000, is solely dependent upon the level of assets at date of death.
7. The number of trusts with a value of less than, or more than \$100,000, depends solely upon court awarded settlements. Changes to legislation and court nominations affect the number of clients being administered by the Public Trustee.
8. The number of requests for new and changed wills are less than anticipated due to a lower demand for will services compared to the previous year. The request for will making services still remain relatively high due to marketing strategies, community education, excellent customer feedback and the employment of a full-time legal officer.
9. Due to an overall increase in business income is higher than the original 2010-11 budget, by 35.1 % and higher than the previous period by 35.5%. Expenses were slightly lower than original budget for 2010-11 by 3.2% and 1.3% higher than the previous year. As a result the percentage of expenditure over income has decreased from the 2010-11 target.

**PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2011**

Financial Performance Measurement Analysis

	Target- 2010-11	Actual Outcome 2010-11	Variance %	Notes
<b>Profitability</b>				
Return on assets	(7.07%)	24.90%	(452.46%)	1
Return on equity	(10.95%)	31.88%	(391.22%)	2
Profit margin	(7.01%)	24.63%	(451.07%)	3
<b>Liquidity</b>				
Current ratio	3.18:1	2.91:1	(8.56%)	4
Cash position	.91	.83	(8.74%)	
Receivables turnover	16.78	19.70	21.04%	5
<b>Financial Stability</b>				
Debt ratio	34.24	33.26	(2.85%)	6
Capital ratio	52.06	50.00	0	

- *Return on assets=(operating result b.t./average total assets for period*
- *Return on equity=operating result b.t. /equity*
- *Profit margin=operating result b.t. /(Government & non-ACT Government user charges)*
- *Current ratio=current assets/current liabilities*
- *Cash position=(cash+current investments)/total assets*
- *Receivables turnover=(non-ACT Government user charges)/average non-ACT Government receivables for period*
- *Debt ratio=total liabilities/total assets*
- *Capital ratio = Equity capital/total liabilities*

**Notes**

- 1/2/3. The variance in the profitability ratios is mainly due to a significant increase in income compared to budget. The improvement is mainly as a result of an increase in fees received for the provision of trustee services due to an increase in the value of client assets and an increase in the value of and return on invested funds. The increase in income over budget has increased the operating result which, in turn, has resulted in a greater than expected Return on Assets, Return on Equity and Profit Margin.

**PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2011**

**Notes (Continued)**

4. Current ratio at the end of 2010-11 was lower than original budget. The decrease in the ratio is due to introduction of a dividend which has, in turn, increased the value of current liabilities.
5. Receivables turnover ratio at the end of 2010-11 was higher than the original budget. The increase in receivables is due to an improvement in the return on investments.
6. The decrease in debt ratio shows that the Public Trustee can meet its obligations to creditors.



## ACT AUDITOR-GENERAL'S OFFICE



### INDEPENDENT AUDIT REPORT

### PUBLIC TRUSTEE FOR THE ACT

### To the Members of the ACT Legislative Assembly

#### Report on the financial statements

I have audited the financial statements of the Public Trustee for the ACT for the year ended 30 June 2011. The financial statements are comprised of the operating statement, balance sheet, statement of changes in equity, statement of appropriation, cash flow statement and accompanying notes.

#### Responsibility for the financial statements

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

#### The auditor's responsibility

My responsibility is to express an independent audit opinion on the financial statements of the Public Trustee for the ACT.

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

I formed the audit opinion by performing 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 for the ACT.

**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 these statements. If users of the 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**

I followed applicable independence requirements of Australian professional ethical pronouncements in conducting the audit.

**Audit opinion**

In my opinion, the financial statements of the Public Trustee for the ACT for the year ended 30 June 2011:

- (i) are presented in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Public Trustee for the ACT as at 30 June 2011 and the results of its operations and its cash flows for the year then ended.

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



Malcolm Prentice  
Acting Director, Financial Audits  
3 August 2011

**Public Trustee for the A.C.T.  
Financial Statements  
For the Year Ended 30 June 2011**

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**Statement of Responsibility**

In my opinion, the financial statements are in agreement with the Public Trustee's accounts and records and fairly reflects the financial operations of the Public Trustee for the year ended 30 June 2011 and the financial position of the Public Trustee on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

3 August 2011

**Public Trustee for the A.C.T.  
Financial Statements  
For the Year Ended 30 June 2011**

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**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 reflects the financial operations of the Public Trustee for the year ended 30 June 2011 and the financial position of the Public Trustee on that date.



Joanne Thompson  
Chief Finance Officer  
Public Trustee ACT

3 August 2011

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

	Note No.	Actual 2011 \$	Original Budget 2011 \$	Actual 2010 \$
<b>INCOME</b>				
Government Payment for Outputs	4	669 000	669 000	655 000
User Charges	5	4 108 683	2 895 000	2 875 247
Interest	6	229 449	143 000	164 947
<b>Total Income</b>		<b>5 007 132</b>	<b>3 707 000</b>	<b>3 695 194</b>
<b>EXPENSES</b>				
Employee Expenses	7	2 584 869	2 587 000	2 513 502
Superannuation Expenses	8	385 410	380 000	382 370
Supplies and Services	9	817 302	875 000	763 261
Depreciation	10	42 999	115 000	123 337
<b>Total Expenses</b>		<b>3 830 580</b>	<b>3 957 000</b>	<b>3 782 470</b>
<b>Operating Surplus/(Deficit)</b>		<b>1 176 552</b>	<b>(250 000)</b>	<b>(87 276)</b>
<b>Other Comprehensive Income</b>				
Increase/(Decrease) in the Asset Revaluation Surplus		328 114	0	( 25 137)
<b>Total Other Comprehensive Income</b>		<b>328 114</b>	<b>0</b>	<b>( 25 137)</b>
<b>Total Comprehensive Income</b>		<b>1 504 666</b>	<b>(250 000)</b>	<b>(112 413)</b>

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 2011

	Note No.	Actual 2011 \$	Original Budget 2011 \$	Actual 2010 \$
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	13	4 577 538	3 150 000	3 424 560
Receivables	14	261 174	192 000	247 107
Other Assets	16	23 407	39 000	21 233
<b>Total Current Assets</b>		<b>4 862 119</b>	<b>3 381 000</b>	<b>3 692 900</b>
<b>NON-CURRENT ASSETS</b>				
Plant and Equipment	15	668 336	92 000	226 100
<b>Total Non-Current Assets</b>		<b>668 336</b>	<b>92 000</b>	<b>226 100</b>
<b>Total Assets</b>		<b>5 530 455</b>	<b>3 473 000</b>	<b>3 919 000</b>
<b>CURRENT LIABILITIES</b>				
Payables	17	111 635	133 000	103 383
Employee Benefits	18	973 385	928 000	920 900
Other Liabilities	19	588 276	3 000	0
<b>Total Current Liabilities</b>		<b>1 673 296</b>	<b>1 064 000</b>	<b>1 024 283</b>
<b>NON CURRENT LIABILITIES</b>				
Employee Benefits	18	59 961	125 000	68 000
Other Liabilities	19	106 191	0	52 100
<b>Total Non-Current Liabilities</b>		<b>166 152</b>	<b>125 000</b>	<b>120 100</b>
<b>Total Liabilities</b>		<b>1 839 448</b>	<b>1 189 000</b>	<b>1 144 383</b>
<b>Net Assets</b>		<b>3 691 007</b>	<b>2 284 000</b>	<b>2 774 617</b>
<b>EQUITY</b>				
Accumulated Funds		3 362 893	2 279 000	2 774 617
Asset Revaluation Surplus	20	328 114	5 000	0
<b>Total Equity</b>		<b>3 691 007</b>	<b>2 284 000</b>	<b>2 774 617</b>

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 2011**

	Accumulated Funds Actual 2011 \$'000	Asset Revaluation Surplus Actual 2011 \$'000	Total Equity Actual 2011 \$'000	Original Budget 2011 \$'000
Balance at the Beginning of the Reporting Period	2 774 617	0	2 774 617	2 534 000
Comprehensive Income				
Operating Surplus/ (Deficit)	1 176 552	0	1 176 552	(250 000)
Other Comprehensive Income	0	328 114	328 114	0
<b>Total Comprehensive Income</b>	<b>1 176 552</b>	<b>328 114</b>	<b>1 504 666</b>	<b>(250 000)</b>
Transactions Involving Owners Affecting Accumulated Funds				
Dividend Approved	(588 276)	0	(588 276)	0
<b>Total Transaction Involving Owners Affecting Accumulated Funds</b>	<b>(588 276)</b>	<b>0</b>	<b>(588 276)</b>	<b>0</b>
<b>Balance at the End of the Reporting Period</b>	<b>3 362 893</b>	<b>328 114</b>	<b>3 691 007</b>	<b>2 284 000</b>

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  
FOR THE YEAR ENDED 30 JUNE 2010

	Accumulated Funds Actual 2010 \$'000	Asset Revaluation Surplus Actual 2010 \$'000	Total Equity Actual 2010 \$'000
Balance at the Beginning of the Reporting Period	2 881 612	5 418	2 887 030
Comprehensive (Deficit)			
Operating (Deficit)	(87 276)	0	(87 276)
Other Comprehensive (Deficit)	(19 719)	(5 418)	(25 137)
Total Comprehensive (Deficit)	(106 995)	(5 418)	(112 413)
Balance at the End of the Reporting Period	2 774 617	0	2 774 617

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 2011**

	Note No.	Actual 2011 \$	Original Budget 2011 \$	Actual 2010 \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Operating Revenue		817 944	338 000	395 332
Management Fees		1 377 565	1 000 000	1 012 619
Commission Received		1 901 210	1 560 000	1 437 296
Interest Received		233 344	134 000	133 860
Cash from Government - Community Service Obligations		451 000	451 000	442 000
Cash from Government for Outputs		218 000	218 000	213 000
Goods and Services Tax Collected from Customers		358 455	336 000	280 346
Other		32 218	0	14 011
<b>Total Receipts from Operating Activities</b>		<b>5 389 736</b>	<b>4 037 000</b>	<b>3 928 464</b>
<b>Payments</b>				
Employee		2 536 028	2 526 000	2 419 883
Superannuation		383 440	369 000	380 635
Supplies and Services		838 887	864 000	763 686
Goods and Services Tax Paid to Suppliers		75 775	87 000	60 726
Goods & Services Tax Paid to the Australian Taxation Office		275 763	235 000	204 279
Other		23 836	0	14 349
<b>Total Payments from Operating Activities</b>		<b>4 133 729</b>	<b>4 081 000</b>	<b>3 843 558</b>
<b>Net Cash Inflows/(Outflows) from Operating Activities</b>	23(b)	<b>1 256 007</b>	<b>(44 000)</b>	<b>84 906</b>

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
CASH FLOW STATEMENT - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2011

	Note No.	Actual 2011 \$	Original Budget 2011 \$	Actual 2010 \$
<b>Cash Flows from Investing Activities</b>				
<b>Payments</b>				
Purchase of Plant and Equipment		103 029	0	0
		<hr/>		
Total Payments from Investing Activities		103 029	0	0
		<hr/>		
Net Cash (Outflows) from Investing Activities		(103 029)	0	0
		<hr/>		
<b>Cash Flows from Financing Activities</b>				
<b>Payments</b>				
Payment of Dividends		0	0	0
		<hr/>		
Total Payments from Financing Activities		0	0	0
		<hr/>		
Net Cash (Outflows) from Financing Activities		0	0	0
		<hr/>		
Net (Decrease) / Increase in Cash and Cash Equivalents Held		1 152 978	(44 000)	84 906
		<hr/>		
Cash and Cash Equivalents at the Beginning of the Reporting Period		3 424 560	3 194 000	3 339 654
		<hr/>		
Cash and Cash Equivalents at the End of the Reporting Period	23(a)	4 577 538	3 150 000	3 424 560
		<hr/>		

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
STATEMENT OF APPROPRIATION  
FOR THE YEAR ENDED 30 JUNE 2011

	Original Budget 2011 \$	Total Appropriated 2011 \$	Appropriation Drawn 2011 \$	Appropriation Drawn 2010 \$
Government Payments for Outputs	669 000	669 000	669 000	655 000
<b>Total Appropriation</b>	<b>669 000</b>	<b>669 000</b>	<b>669 000</b>	<b>655 000</b>

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**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 financial manager.

The Public Trustee acts as an 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).

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Accounting**

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

The FMA and the *Financial Management Guidelines* issued under the Act, requires that the Public Trustee's financial statements include:

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

These general purpose financial statements has 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
- (ii) International Financial Reporting Standards; and
- (iii) ACT Accounting 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 certain assets which were valued in accordance with the valuation policies applicable to the Public Trustee during the reporting period.

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

The Public Trustee for the Australian Capital Territory is a single reporting entity.



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**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 2011 together with the financial position of the Public Trustee as at 30 June 2011.

**c) Comparative Figures**

*Budget Figures*

The *Financial Management Act 1996* requires the statements to facilitate a comparison with the Statement of Intent. The budget numbers are as per the Statement of Intent.

*Prior Year Comparatives*

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

**d) Rounding**

All amounts in the financial statements have been shown as whole dollars (\$). Use of "0" 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:

*User Charges*

Revenue from the sale of Trustee services is recognised as revenue once fees have been charged at the appropriate time and can be measured reliably and the costs of providing the services can be measured reliably.

*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 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**f) Waivers of Debt**

Debts that are waived under section 131 of the *Financial Management Act 1996* are expensed during the year in which the right to payment was waived. Further details of waivers are disclosed at Note 11 – 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 the Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents include short-term investments are managed by the Public Trustee Office internally.

**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 to 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).

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**j) Acquisition and Recognition of Plant and Equipment (Continued)**

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

**k) Measurement of Plant and Equipment After Initial Recognition**

Plant and equipment is measured at fair value. Fair value is the amount for which an asset could be exchanged between knowledgeable willing parties in an arm's length transaction. Fair value is measured using a market price in an active market where a market price is available for that asset (or a similar asset), as this is the best evidence of an asset's fair value.

**l) Depreciation of Non-Current Assets**

Non-current assets with a limited useful life, are systematically depreciated over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued it is depreciated over its newly assessed remaining useful life. Depreciation is applied to Plant and Equipment.

Depreciation is calculated on a straight-line basis and the useful life of all major assets held by the Public Trustee are reviewed annually.

<b>Class of Asset</b>	<b>Depreciation/Amortisation Method</b>	<b>Useful Life (Years)</b>
Motor Vehicle	Straight line	8
Furniture and Fittings	Straight line	5-25
Computer Equipment	Straight line	5
Office Fit-out	Straight line	5
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 period end.

**n) Leases**

**Operating Leases**

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**o) Provision for Make Good**

The Public Trustee has recorded a liability and a corresponding asset of \$106,191 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 premises.

The estimated liability is based on an estimate provided by an independent valuer. (Mr Ian Robertson (AAPI, Plant and and Machinery, MSAA), Senior Valuer Plant and Equipment, Australian Government Australian Valuation Office.

**p) Employee Benefits**

Employee benefits include wages and salaries, annual leave and long service leave and applicable on-costs. On-costs include annual leave, long service leave, superannuation and other costs that are incurred when employees take annual and long service leave. These benefits accrue as a result of services provided by employees up to the reporting date that remain unpaid. They are recorded as a liability and as an expense.

*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 leave and long service leave that falls due wholly within the next twelve months is measured based on the amount of remuneration anticipated to be paid when the leave is taken.

Annual and long service leave including applicable on-costs that do not fall due wholly within the next twelve months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government Bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2010-11, the discount factor used to calculate the present value of these future payments is 92.2% (92.9% in 2009-10).

The long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the required minimum period of 7 years qualifying service, the probability that employees will reach the required minimum period has been taken into account in estimating the provision for long service leave and the applicable on-costs.

The provision for annual leave and long service leave includes estimated on-costs. As these on-costs only become payable if the employee takes annual and long service leave while in-service, the probability that employees will take annual and long service leave while in-service has been taken into account in estimating the liability for on-costs.

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. However, where there is an unconditional right to defer settlement of the liability for at least 12 months, annual and long service leave have been classified as a non-current liability in the Balance Sheet.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**q) Superannuation**

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

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

A superannuation liability is not recognised in the Balance Sheet as the Superannuation Provision Account recognises the total Territory superannuation liability for the CSS and PSS, and ComSuper and the external schemes recognise the superannuation liability for the fund of choice scheme respectively.

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

**r) Insurance**

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

**s) Trust Funds**

Separate financial statements are prepared for the trusts and estates and Capital Region Community Foundation accounts which are administered by the Public Trustee, and do not form part of these financial statements.

**t) 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:

*Employee benefits*

Significant judgements have been applied in estimating the liability for 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



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**t) Significant Accounting Judgements and Estimates (Continued)**

*Employee benefits (Continued)*

minimum service period required to qualify for long service leave and that on-costs will become payable. Further information on this estimate is provided in Note 2 (p) *Employee Benefits* and Note 3 *Change in Accounting Estimates*.

*Plant and Equipment – Fair Value*

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

The fair value of the Office fit-out, furniture and fittings, computer equipment and the security system have been estimated at fair value by independent valuers.

*Provision for Make Good*

Note 2(o): '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 has been estimated using the ACT Accounting Policy Guidelines "Accounting for Provision for Make Good Clauses within a Lease Agreement".

**u) 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 1 First-time Adoption of Australian Accounting Standards (application date 1 January 2011);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 January 2011)
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2011);
- AASB 107 Statement of Cash Flows (application date 1 January 2011);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);
- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 118 revenue (application date 1 January 2011);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 January 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2011);
- AASB 140 Investment Property (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);
- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 January 2013);

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**u) Impact of Accounting Standards Issued but yet to be Applied (Continued)**

- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 January 2013);
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 3, 4, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 11, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (application date 1 January 2013);
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (application date 1 Jul 2011);
- 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 Jan 2013);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011).

**3. CHANGE IN ACCOUNTING ESTIMATES**

*Revision of the Employee Benefit Discount Rate*

The Public Trustee uses a discount rate to calculate the present value of long service leave and annual leave liabilities classified as long term. The method takes into account future wage increases discounted back to present value using the Commonwealth Government bond rate. Last financial year the discount rate was 92.9%, however, due to a change in the Commonwealth Government bond rate the percentage is now 92.2%.

As such the estimate of long service leave and annual leave liabilities have changed.

This change has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period of approximately \$50,192. The change also resulted in the estimate of the annual leave liability and expense decreasing by \$3,984.

*Revision of Useful Lives and Residual Values*

The Public Trustee reviewed the useful lives and the residual values of its plant and equipment at the end of the reporting period. This review resulted in the increase of the residual value of some plant and equipment.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**4. GOVERNMENT PAYMENTS 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) are received by the Public Trustee for the provision of trustee services to the public at subsidised rates.

	2011 \$	2010 \$
Government Payments for Outputs	218 000	213 000
Community Service Obligations	451 000	442 000
	<u>669 000</u>	<u>655 000</u>

**5. USER CHARGES**

User charge revenue is derived by providing goods and 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 goods or services. This revenue is driven by consumer demand and is commercial in nature.

**User Charges – ACT Government**

Commission Received (a)	382 458	277 277
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**User Charges – Non ACT Government**

Commission Received (b)	1 518 111	1 163 558
Management Fees (c)	1 394 882	1 040 749
Other Fees (d)	813 232	393 663
	<u>4 108 683</u>	<u>2 875 247</u>

- (a) Commission revenue has increased due to a number of new high value portfolios to manage..
- (b) Commission has increased due an increase in new, high value estates to manage.
- (c) Management fee revenue has increased due to an increase in new clients established during the year.
- (d) An increase in the number of clients has reflected in the increase in other fees

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**6. INTEREST**

	2011 \$	2010 \$
Interest Income	229 449	164 947
	<u>229 449</u>	<u>164 947</u>

Interest income fluctuates with changes in market interest rates. Overall, Cash and Cash Equivalents increased during the year providing an increased base for interest returns. Interest rates have improved during the year and the return on investments reflect this increase.

**7. EMPLOYEE EXPENSES**

Wages and Salaries (a)	2 476 315	2 379 155
Annual Leave Expense (b)	(3 984)	2 119
Long Service Leave Expense	50 193	61 919
Termination payments/retirements	13 271	4 917
Fringe Benefits Tax	7 145	1 339
Comcare Premiums	38 516	39 678
Other Employee Expenses (c)	3 413	24 375
<b>Total Employee Expenses</b>	<u><b>2 584 869</b></u>	<u><b>2 513 502</b></u>

(a) The number of staff employed during the 2010-11 financial year fluctuated. There were 38 staff employed at the end of June 2011 (35 in 2010) and the increase in Wages and Salary costs reflects this.

(b) The decrease in the Annual Leave Expense is attributable to the active Management of increased leave balances.

(c) The decrease in Other Employee Expenses is due to the payout of a sign on bonus in relation to the JACS Enterprise Collective Agreement being finalised during the year. The sign on bonus represented \$20 800 of the total in 2010.

**8. SUPERANNUATION EXPENSES**

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

Superannuation payments are also made to external providers as part of the new employee fund of choice arrangements, and to employment agencies for the superannuation contribution the Public Trustee is required to make for the contract staff it employs.

Superannuation Contributions to the Territory Banking Account	258 231	259 028
Productivity Benefit	37 317	37 457
Superannuation to External Providers	89 862	85 885
<b>Total Superannuation Expenses</b>	<u><b>385 410</b></u>	<u><b>382 370</b></u>



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

	2011	2010
	\$	\$
Business Development Costs (a)	83 312	65 389
Computer Expenses	167 775	159 195
Motor Vehicle Expenses	10 274	15 214
Rental Lease Payments/Cleaning	207 052	207 927
Repairs/Maintenance	81 857	78 130
Printing/Stationery (b)	42 763	32 664
Telephones	22 652	22 029
Staff Training	22 693	18 241
Postage	17 135	14 955
Audit Fee	36 120	33 600
Subscriptions/Memberships	14 299	16 295
Office Equipment	13 646	11 802
Travel Expenses	4 159	3 718
Insurance Risk Management Levy	27 090	25 896
Other Expenses	36 257	36 852
Electricity (c)	8 215	14 202
Recruitment costs	3 555	7 152
Bank Charges (d)	10 401	0
Meeting Expenses	8 047	0
	<u>817 302</u>	<u>763 261</u>

(a) Due to the finalisation of the implementation of software packages there was an increase in Business Development Costs in 2010-11.

(b) Due to marketing strategies there was an increase in Printing and Stationery costs in 2010-11.

(c) There has been a decline in Electricity costs due to changes in building structure due to renovations.

(d) There has been a marked increase in Bank Charges due to the high volume of regular payments to clients.

**10. DEPRECIATION**

Plant and Equipment	42 999	123 337
	<u>42 999</u>	<u>123 337</u>

The decrease in Depreciation costs has occurred after assets were devalued at the end of June 2010

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

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

There were no waivers during the year, however, the Public Trustee approved the write-off of debts owed by third parties. The write-off of a debt is the accounting action taken to remove a debt from the books but does not relinquish the legal right of the Public Trustee to recover the amount. The write-off debts may occur for reasons other than waivers.

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

**11. WAIVERS AND WRITE-OFFS (CONTINUED)**

Ordinary Activities	No.	2011 \$	No.	2010 \$
Write-offs				
Irrecoverable Debts	5	3 990	2	246
<b>Total Write-offs</b>		<b>3 990</b>		<b>246</b>

The write-offs occurred as a result of a client account being overdrawn and the balance being deemed unrecoverable and the non payment of an account. The Public Trustee approves all write-off balances.

**12. AUDITOR'S REMUNERATION**

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

	2011 \$	2010 \$
Audit Fees Paid to the ACT Auditor-General's Office	36 120	33 600

No other services were provided by the ACT Auditor-General's Office.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**13. CASH AND CASH EQUIVALENTS**

The Public Trustee holds a bank account with the Commonwealth Bank as part of the whole-of-government banking arrangements. The Public Trustee Office held deposits at call throughout the year. The weighted average interest rate returned on these investments was 6.50% (2010 5.14%).

	2011 \$	2010 \$
Cash at Bank	626 938	373 960
Cash on Hand	600	600
Investments	3 950 000	3 050 000
	<u>4 577 538</u>	<u>3 424 560</u>

Due to an increase in income the funds available for investment increased during the year.

**14. RECEIVABLES**

**Current Receivables**

Trade Receivables	215 795	197 580
Less: Allowance for Impairment Losses	0	0
	<u>215 795</u>	<u>197 580</u>
Other Trade Receivables	1 095	860
Accrued Revenue	44 284	48 667
	<u>261 174</u>	<u>247 107</u>

**Ageing of Receivables**

	Not Overdue	Past Due			Total
		Less than 30 Days	30 to 60 Days	Greater than 60 Days	
	\$	\$	\$	\$	\$
<b>2011</b>					
Not Impaired Receivables	0	196 006	61 795	3 373	261 174
Impaired Receivables	0	0	0	0	0
<b>2010</b>					
Not Impaired Receivables	0	176 742	0	70 365	247 107
Impaired Receivables	0	0	0	0	0

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

14. RECEIVABLES (Continued)

	2011 \$	2010 \$
Classification of ACT Government/Non-ACT Government Receivables		
Receivables with Other ACT Government Entities		
Net Trade Receivables	45 150	45 855
Other Trade Receivables		220
	<hr/>	<hr/>
Total Trade Receivables with Other ACT Government Entities	45 150	46 075
Trade Receivables with Non-ACT Government Entities		
Net Trade Receivables	170 645	151 725
Other Trade Receivables	1 095	640
Accrued Revenue	44 284	48 667
	<hr/>	<hr/>
Total Trade Receivables with Non-ACT Government Entities	216 024	201 032
Total Trade Receivables	<hr/>	<hr/>
	261 174	247 107

The increase in receivables is attributable to an increase in Management Fees owing at the end of June.

15. 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 valuation)	11 000	11 000
Less: Accumulated Depreciation	(1 375)	0
	<hr/>	<hr/>
	9 625	11 000

The motor vehicle was independently valued at market value by Pickles Auctions Pty Limited in July 2010.

Furniture and Fittings (at Valuation)	65 924	12 496
Less: Accumulated Depreciation	0	0
	<hr/>	<hr/>
	65 924	12 496

Computer Equipment (at Valuation)	1 434	685
Less: Accumulated Depreciation	0	0
	<hr/>	<hr/>
	1 434	685

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**15. PLANT AND EQUIPMENT (Continued)**

	2011 \$	2010 \$
Office Fitout (at Valuation)	477 690	146 250
Plus: Make Good Provision	106 191	52 100
Less: Accumulated Depreciation	0	0
	<u>583 881</u>	<u>198 350</u>
Security System (at Valuation)	7 472	3 569
Less: Accumulated Depreciation	0	0
	<u>7 472</u>	<u>3 569</u>
<b>Total Plant and Equipment (at Valuation)</b>	<b>563 520</b>	<b>174 000</b>
<b>Plus: Make Good Provision</b>	<b>106 191</b>	<b>52 100</b>
<b>Less: Accumulated Depreciation</b>	<b>(1 375)</b>	<b>0</b>
<b>Total Carrying Value</b>	<b><u>668 336</u></b>	<b><u>226 100</u></b>

The balances at 30 June 2011 for the office fit-out, furniture and fittings, Office Equipment, the Security System and motor vehicles were measured at fair value. The independent valuation of the office fit-out, furniture and fittings, Office Equipment, the Security System was performed at 30 June 2011 by Mr Ian Robertson (AAPI, Certified Practising Valuer) and Australian Valuation Office, Canberra Office and the motor vehicle was valued by Daniel Hallam General Vehicle Manager/Valuer of Pickles Auctions and was assessed at market value on 30 June 2010.

As disclosed in Note 2(o): 'Office Fit-out – Provision for Make Good', the Public Trustee Office 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 the Security System is based on its assessed estimated depreciated replacement cost and bases the valuation knowing that the current lease has an expiry date of 16 July 2016 (with an option to extend for a further five years).

Reconciliations of the carrying amounts of Plant and Equipment at the beginning and the end of the current and previous reporting periods.

**Motor Vehicle**

Carrying amount at the Beginning of the Reporting Period	11 000	9 750
Revaluation	0	2 875
Depreciation	(1 375)	(1 625)
<b>Carrying Amount at the End of the Reporting Period</b>	<b><u>9 625</u></b>	<b><u>11 000</u></b>

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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	2011	2010
	\$	\$
<b>15. PLANT AND EQUIPMENT (Continued)</b>		
<b>Furniture and Fittings</b>		
Carrying amount at the Beginning of the Reporting Period	12 496	15 938
Additions	30 245	0
Revaluation/(Devaluation)	27 438	(2 148)
Depreciation	(4 255)	(1 294)
Carrying Amount at the End of the Reporting Period	<u>65 924</u>	<u>12 496</u>
<b>Computer Equipment</b>		
Carrying amount at the Beginning of the Reporting Period	685	1 470
Revaluation/Devaluation	886	(117)
Depreciation	(137)	(668)
Carrying Amount at the End of the Reporting Period	<u>1 434</u>	<u>685</u>
<b>Office Fitout</b>		
Carrying amount at the Beginning of the Reporting Period	198 350	289 695
Additions	72 784	0
Increase in Make Good Provision	54 091	52 100
Revaluation/Devaluation	295 173	(25 134)
Depreciation	(36 517)	(118 311)
Carrying Amount at the End of the Reporting Period	<u>583 881</u>	<u>198 350</u>
<b>Security System</b>		
Carrying amount at the Beginning of the Reporting Period	3 569	5 622
Revaluation/Devaluation	4 617	(613)
Depreciation	(714)	(1 440)
Carrying Amount at the End of the Reporting Period	<u>7 472</u>	<u>3 569</u>
<b>16. OTHER ASSETS</b>		
<b>Current Other Assets</b>		
Prepayments	<u>23 407</u>	<u>21 233</u>
	<u>23 407</u>	<u>21 233</u>

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
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FOR THE YEAR ENDED 30 JUNE 2011

**17. PAYABLES**

	2011 \$	2010 \$
<b>Current Payables</b>		
Trade Payables	111 635	103 383
<b>Total Current Payables</b>	<b>111 635</b>	<b>103 383</b>
<b>Payables are aged as follows:</b>		
Overdue for less than 30 Days	102 018	93 769
Overdue for more than 30 Days and less than 60 Days	163	160
Overdue for more than 60 Days	9 454	9 454
<b>Total Current Payables</b>	<b>111 635</b>	<b>103 383</b>
<b>Classification of ACT Government/Non-ACT Government Payables</b>		
<b>Payables with ACT Government Entities</b>		
Trade Creditors	10 511	25 885
<b>Total Payables with ACT Government Entities</b>	<b>10 511</b>	<b>25 885</b>
<b>Payables with Non-ACT Government Entities</b>		
Trade Creditors	101 124	77 498
<b>Total Payables with Non-ACT Government Entities</b>	<b>101 124</b>	<b>77 498</b>
<b>Total Current Payables</b>	<b>111 635</b>	<b>103 383</b>

The decrease in payables is mainly attributable to the majority of invoices relating to the 2010-11 year being received and paid prior to 30 June 2011.



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

**18. EMPLOYEE BENEFITS**

	2011 \$	2010 \$
<b>Current Employee Benefits</b>		
Annual Leave	317 777	321 760
Long Service Leave	585 926	527 694
Accrued Salaries	69 682	50 646
Other Employee Benefits	0	20 800
<b>Total Current Employee Benefits</b>	<b>973 385</b>	<b>920 900</b>
<b>Non- Current Employee Benefits</b>		
Long Service Leave	59 961	68 000
<b>Total Employee Benefits</b>	<b>1 033 346</b>	<b>988 900</b>

*For disclosure purposes only*

**Estimated Amount Payable within 12 Months**

Accrued Salaries	69 682	50 646
Other Employee Benefits	0	20 800
Annual Leave	317 777	321 760
Long Service Leave	7 387	5 944

<b>Total Employee Benefits Payable within 12 months</b>	<b>394 846</b>	<b>399 150</b>
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**Estimated Amount Payable after 12 Months**

Long Service Leave	638 500	589 750
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	<b>638 500</b>	<b>589 750</b>
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<b>Total Employee Benefits</b>	<b>1 033 346</b>	<b>988 900</b>
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At the end of the 2011 financial year, the Public Trustee for the Australian Capital Territory had 38 staff employed.  
(2010 – 35 staff)

**19. OTHER LIABILITIES**

**Current**

Dividend Approved	588 276	0
<b>Total Other Liabilities</b>	<b>588 276</b>	<b>0</b>

Due to the return to Surplus a dividend is to be provided to the ACT Government as agreed.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**19. OTHER LIABILITIES (Continued)**

	2011 \$	2010 \$
Provision for Make Good	106 191	52 100
<b>Total Other Liabilities</b>	<b>106 191</b>	<b>52 100</b>

As disclosed in Note 2 (o): 'Office Fit-out - Provision for Make Good', the Public Trustee has included in the Public Trustee 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.

**20. EQUITY****Total Equity at the End of the Reporting Period**

Accumulated Funds	3 362 893	2 774 617
Asset Revaluation Surplus	328 114	0
<b>Total Equity</b>	<b>3 691 007</b>	<b>2 774 617</b>

**Movements in Equity during the Reporting Period****Accumulated Funds**

Balance at the Beginning of the Reporting Period	2 774 617	2 881 612
Operating Surplus/(Deficit)	1 176 552	(87 276)
Increase/(Decrease) in the Asset Revaluation Surplus	328 114	(19 719)
Dividends Approved	588 276	0
<b>Balance at the End of the Reporting Period</b>	<b>3 691 007</b>	<b>2 774 617</b>

**Asset Revaluation Surplus**

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

<b>Balance at the Beginning of the Reporting Period</b>	<b>0</b>	<b>5 418</b>
Increment/(Decrement) in Plant and Equipment due to Revaluation/(Devaluation)	328 114	(5 418)
<b>Balance at the End of the Reporting Period</b>	<b>328 114</b>	<b>0</b>

A valuation of the Office fit-out, furniture and fittings, Office Equipment, the Security System was performed at 30 June 2011 by Mr and Mr Ian Robertson (Certified Practising Valuer) Australian Valuation Office, Canberra Office. The revaluation of these assets are reflected in Asset Revaluation Surplus.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**21. 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*, to the financial statements.

**(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. Most of the Public Trustee's financial assets consist of cash and cash equivalents. As these are held in floating interest arrangements, the Public Trustee is exposed to movements in the amount of interest it may earn on cash and cash equivalents.

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

The Public Trustee's maximum exposure to interest rate risk relating to these financial assets and liabilities is shown below in Note 21(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 A credit rating or greater. There is no other collateral held as security for financial assets. Investments are now structured with the highest rating banks to ensure more security over funds invested.

The Public Trustee's maximum exposure to credit risk relating to these cash equivalents is shown below in Note 21(e) 'Maturity Analysis and Exposure to Interest Rates'.

**(c) Liquidity Risk**

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**21. FINANCIAL INSTRUMENTS (Continued)**

**(c) Liquidity Risk (Continued)**

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

The Public Trustee's maximum exposure to liquidity risk relating to these financial liabilities is shown below in Note 21(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 2011 \$	Fair Value 2011 \$	Carrying Amount 2010 \$	Fair Value 2010 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	4 577 538	4 577 538	3 424 560	3 424 560
Receivables	261 174	261 174	247 017	247 107
<b>Total Financial Assets</b>	<b>4 838 712</b>	<b>4 838 712</b>	<b>3 671 667</b>	<b>3 671 667</b>
<b>Financial Liabilities</b>				
Payables	111 635	111 635	103 383	103 383
<b>Total Financial Liabilities</b>	<b>111 635</b>	<b>111 635</b>	<b>103 383</b>	<b>103 383</b>

**(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 2010 and 30 June 2011. 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.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

21. FINANCIAL INSTRUMENTS (CONTINUED)

(a) Maturity Analysis and Exposure to Interest Rates (continued)

2011	Floating Interest Rate	Non-Interest Bearing	Total
	\$	\$	\$
<b>Financial Instruments</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	4 577 538	0	4 577 538
Receivables		261 174	261 174
<b>Total Financial Assets</b>	<b>4 577 538</b>	<b>261 174</b>	<b>4 838 712</b>
Weighted Average Interest Rate	6.50%		
<b>Financial Liabilities</b>			
Payables	0	111 635	111 635
<b>Total Financial Liabilities</b>	<b>0</b>	<b>111 635</b>	<b>111 635</b>
<b>Net Financial Assets</b>	<b>4 577 538</b>	<b>149 539</b>	<b>4 727 077</b>
 2010	 Floating Interest Rate	 Non-Interest Bearing	 Total
	\$	\$	\$
<b>Financial Instruments</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	3 424 560	0	3 424 560
Receivables		247 107	247 107
<b>Total Financial Assets</b>	<b>3 424 560</b>	<b>247 107</b>	<b>3 671 667</b>
Weighted Average Interest Rate	5.14%		
<b>Financial Liabilities</b>			
Payables	0	103 383	103 383
<b>Total Financial Liabilities</b>	<b>0</b>	<b>103 383</b>	<b>103 383</b>
<b>Net Financial Assets</b>	<b>3 424 560</b>	<b>143 724</b>	<b>3 568 284</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**22. COMMITMENTS**

**Operating Leases**

Non-Cancellable Operating Lease Commitments are Payable as follows:

	2011 \$	2010 \$
Not later than one year	254 315	233 685
Later than one year but not later than five years	1 123 138	48 902
Later than five years but not later than ten years	0	0
<b>Total Operating Lease Commitments</b>	<b>1 377 453</b>	<b>282 587</b>

The ACT Government has an operating lease with the Molonglo Group for part of the ground floor of 221 London Circuit, Canberra. 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).

**23. RECONCILIATION OF CASH AND CASH EQUIVALENTS**

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

**CASH 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	4 577 538	3 424 560
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	4 577 538	3 424 560

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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23. RECONCILIATION OF CASH AND CASH EQUIVALENTS (CONTINUED)

CASH FLOW RECONCILIATION (Continued)

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

	2011 \$	2010 \$
Operating Surplus (Deficit)	1 176 552	(87 276)
<b>Add Non-Cash Items</b>		
Depreciation	42 999	123 337
(Increase) in Plant and Equipment	(54 091)	(52 100)
Increase in Other Liabilities – Provision for Make Good	54 091	52 100
<b>Cash Before Changes in Operating Assets and Liabilities</b>	<b>1 219 551</b>	<b>36 061</b>
<b>Changes in Operating Assets and Liabilities:</b>		
(Increase) in Receivables	(14 067)	(66 631)
(Increase)/Decrease in Prepayments	(2 174)	15 976
Increase in Payables	8 252	4 353
Increase in Employee Benefits	44 446	95 147
<b>Net Changes in Operating Assets and Liabilities</b>	<b>36 457</b>	<b>48 845</b>
<b>Net Cash Inflows from Operating Activities</b>	<b>1 256 007</b>	<b>84 906</b>





## ACT AUDITOR-GENERAL'S OFFICE



### INDEPENDENT AUDIT REPORT

#### PUBLIC TRUSTEE FOR THE ACT TRUST ACCOUNT

#### To the Members of the ACT Legislative Assembly

##### Report on the financial statements

The financial statements of the Public Trustee for the ACT Trust Account for the year ended 30 June 2011 have been audited. These comprise the operating statements for the Common Fund Interest Account and the 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 is responsible for the preparation and fair presentation of the financial statements. 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

My responsibility is to express an independent audit opinion on the financial statements of the Public Trustee for the ACT Trust Account.

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

I formed the audit opinion following 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 for the ACT.

**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 of the Public Trustee for the ACT Trust Account for the year ended 30 June 2011:

- (i) are presented in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Public Trustee for the ACT Trust Account as at 30 June 2011 and the results of its operations and cash flows for the year then ended.

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



Bernie Sheville  
Director, Financial Audits  
13 September 2011



**Public Trustee for the A.C.T.  
Trust Account  
Financial Statements  
For the Year Ended 30 June 2011**

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**Statement of Responsibility**

In my opinion, the financial statements are in agreement with the Public Trustee's Trust accounts and records and fairly reflects the financial operations of the Public Trustee Trust Account for the year ended 30 June 2011 and the financial position of the Public Trustee Trust Accounts on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

27 July 2011

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
OPERATING STATEMENT - COMMON FUND INTEREST ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2011

	2011 \$	2010 \$
<b>INCOME</b>		
Dividends Received	3 042 152	2 335 556
Interest Received	3 817 022	2 199 864
	<u>6 859 174</u>	<u>4 535 420</u>
<b>EXPENDITURE</b>		
Interest paid to Estates and Trusts	3 105 855	1 740 608
Distributions to Estates and Trusts	2 304 864	1 707 833
Management Fees	1 413 860	1 158 844
Custodian Fees	25 124	22 175
	<u>6 849 703</u>	<u>4 629 460</u>
<b>NET OPERATING SURPLUS (DEFICIT)</b>	<u>9 471</u>	<u>( 94 040)</u>

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 2011**

	2011 \$	2010 \$
<b>INCOME</b>		
Investment Income	127 031	97 394
	<u>127 031</u>	<u>97 394</u>
<b>EXPENDITURE</b>		
Management Fees	22 165	21 266
Income Commission	6 440	4 827
Consultancy Fee	0	0
Depreciation	15 250	12 350
	<u>43 855</u>	<u>38 443</u>
<b>NET OPERATING SURPLUS</b>	<u>83 176</u>	<u>58 951</u>
<b>Other Comprehensive Income</b>		
Increase in the Asset Revaluation Surplus	0	85 204
Total Other Comprehensive Income	<u>0</u>	<u>85 204</u>
<b>Total Comprehensive Income</b>	<u>83 176</u>	<u>144 155</u>

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

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

## BALANCE SHEET AS AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	68 595 702	51 757 410
Accrued Investment Income		938 040	547 203
Unrealised Assets	4	<u>96 463 051</u>	<u>66 450 084</u>
<b>TOTAL CURRENT ASSETS</b>		<b><u>165 996 793</u></b>	<b><u>118 754 697</u></b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5	289 750	305 000
Investments	3	<u>53 386 990</u>	<u>48 687 377</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>53 676 740</u></b>	<b><u>48 992 377</u></b>
<b>TOTAL ASSETS</b>		<b><u>219 673 533</u></b>	<b><u>167 747 074</u></b>
<b>CURRENT LIABILITIES</b>			
Trust Liabilities	6	<u>2 132 163</u>	<u>1 622 287</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>2 132 163</u></b>	<b><u>1 622 287</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Estates, Trusts etc under Administration	7	<u>214 813 531</u>	<u>163 489 595</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>214 813 531</u></b>	<b><u>163 489 595</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>216 945 694</u></b>	<b><u>165 111 882</u></b>
<b>NET ASSETS</b>		<b><u>2 727 839</u></b>	<b><u>2 635 192</u></b>
<b>EQUITY</b>			
Common Fund		220 692	211 221
Guarantee and Reserve Account		2 221 119	2 137 943
Asset Revaluation Surplus	10	<u>286 028</u>	<u>286 028</u>
<b>TOTAL EQUITY</b>		<b><u>2 727 839</u></b>	<b><u>2 635 192</u></b>

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 2011

	Accumulated Funds Actual 2011 \$'000	Asset Revaluation Surplus 2011 \$'000	Total Equity Actual 2011 \$'000
Balance at the Beginning of the Reporting Period	2 349 164	286 028	2 635 192
Comprehensive Income			
Operating Surplus - Interest Account	9 471	0	9 471
Operating Surplus - Guarantee and Reserve Account	83 176	0	83 176
Total Comprehensive Income	92 647	0	92 647
Balance at the End of the Reporting Period	2 441 811	286 028	2 727 839

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

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

	Accumulated Funds Actual 2010 \$'000	Asset Revaluation Surplus 2010 \$'000	Total Equity Actual 2010 \$'000
Balance at the Beginning of the Reporting Period	2 384 253	200 824	2 585 077
Comprehensive Income			
Operating Deficit – Interest Account	(94 040)	0	(94 040)
Operating Surplus – Guarantee and Reserve account	58 951	85 204	144 155
Total Comprehensive (Deficit) Income	(35 089)	85 204	50 115
Balance at the End of the Reporting Period	2 349 164	286 028	2 635 192

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2011**

	Notes	2011 \$	2010 \$
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Income Received		6 595 368	4 399 282
<b>Total Receipts from Operating Activities</b>		<u>6 595 368</u>	<u>4 399 282</u>
<b>Payments</b>			
Interest Paid to Estates and Trusts		5 410 719	3 448 441
Other Payments		1 467 589	1 207 113
<b>Total Payments from Operating Activities</b>		<u>6 878 308</u>	<u>4 655 554</u>
<b>Net Cash (Outflows) from Operating Activities</b>	9	<u>( 282 940)</u>	<u>(256 272)</u>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts</b>			
Proceeds from the Sale/Maturity of Investments		21 374 148	1 040 338
<b>Total Receipts from Investing Activities</b>		<u>21 374 148</u>	<u>1 040 338</u>
<b>Payments</b>			
Purchase of Investments		23 200 696	5 605 953
<b>Total Payments from Investing Activities</b>		<u>23 200 696</u>	<u>5 605 953</u>
<b>Net Cash (Outflows) from Investing Activities</b>		<u>( 1 826 548)</u>	<u>( 4 565 615)</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 2011**

	Notes	2011 \$	2010 \$
<b>Cash Flows from Financing Activities</b>			
<b>Receipts</b>			
Receipts from Trusts and Estates		123 011 058	45 453 549
<b>Total Receipts from Financing Activities</b>		<u>123 011 058</u>	<u>45 453 549</u>
<b>Payments</b>			
Payments to Trusts and Estates		104 063 278	35 529 702
<b>Total Payments from Financing Activities</b>		<u>104 063 278</u>	<u>35 529 702</u>
<b>Net Cash Inflows from Financing Activities</b>		<u>18 947 780</u>	<u>9 923 847</u>
<b>Net Increase in Cash and Cash Equivalents</b>		16 838 292	5 101 960
Cash and Cash Equivalents at Beginning of the Reporting Period		51 757 410	46 655 450
Cash and Cash Equivalents at the End of the Reporting Period	8	<u>68 595 702</u>	<u>51 757 410</u>

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



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**1. ACTIVITIES OF THE PUBLIC TRUSTEE**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal 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 Accounting**

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

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

The Public Trustee Trust is an individual reporting entity. The principal accounting policies adopted by the Public Trustee as Trustee of the Trust are stated to assist in the general understanding of these financial statements. These policies have been consistently applied except as otherwise stated.

**b) Reporting Period**

These financial statements state the financial performance, changes in equity and cash flows of the Trust Account for the year ending 30 June 2011 together with the financial position of the Trust Account as at 30 June 2011.

**c) Rounding**

All amounts in the financial statements have been rounded to the nearest dollar. Use of "0" represents zero amounts or amounts rounded down to zero.

**d) Revenue Recognition**

Investment income 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.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

e) 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.

f) Unrealised assets

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

g) Investments

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

- |                  |            |
|------------------|------------|
| • Capital Secure | • Growth   |
| • Income Stable  | • Balanced |

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

h) Property

Buildings are valued at fair value in accordance with AASB 116 Property Plant and Equipment. The last revaluation of buildings was in July 2010. The valuation was performed by an independent valuer, Herron, Todd, White. The fair value of buildings is measured using current prices in a market for similar properties. Valuations are performed every three years.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**i) Depreciation**

Depreciation is provided on Property acquired by the Public Trustee at rates which will be sufficient to write the assets off over their estimated useful lives. 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/amortised over the remaining useful life of that asset.

**j) 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 that have the most significant impact on the amounts recorded in the financial statements:

*(i) Fair Value of Buildings:* The Public Trustee has made a significant judgement regarding the fair value of its buildings. Buildings have been recorded at the market value of similar properties as determined by an independent valuer.

*(ii) Unrealised Assets:* The Public Trustee has made a significant judgement regarding Unrealised Assets. Properties are shown at historical cost while assets that are unit based are valued at the end of June based on current market values.

*(iii) 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.

**k) 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 Fund 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 Fund in future reporting periods:

- AASB 1 First-time Adoption of Australian Accounting Standards (application date 1 January 2011);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 January 2011);
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2011);
- AASB 107 Statement of Cash Flows (application date 1 January 2011);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**k) Impact of Accounting Standards Issued but yet to be Applied (Continued)**

- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 118 revenue (application date 1 January 2011);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 January 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2011);
- AASB 140 Investment Property (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);
- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 January 2013);
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 January 2013);
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 3, 4, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 11, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (application date 1 January 2013);
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (application date 1 July 2011);
- 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 2013);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011).

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

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

**CASH COMMON FUND**

	2011 \$	2010 \$
Cash at Bank	525 702	14 793
Short-Term Money Market and Interest-Bearing Deposits and Securities	68 070 000	51 742 617
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>68 595 702</b>	<b>51 757 410</b>

The increase in Cash and Cash Equivalents is mainly attributable to the increase in funds received for the administration of deceased estates, trusts and personal management clients.

**INVESTMENTS**

Australian Equities Common Fund	18 673 002	19 332 194
Australian Fixed Interest Common Fund	22 816 906	18 859 026
Australian Listed Property Common Fund	4 074 296	3 725 732
International Equities Common Fund	7 822 786	6 770 425
<b>TOTAL INVESTMENTS</b>	<b>53 386 990</b>	<b>48 687 377</b>

The increase in the balance of Common Fund investments is due to an increase of funds invested together with a revaluation of these investments.

**4. UNREALISED ASSETS**

Unrealised assets have been brought to account as follows.

Real Estate	43 063 316	37 919 765
Nursing Home/Retirement Village Bonds	7 311 467	9 403 211
Shares	7 780 961	11 757 736
Superannuation Policies	31 025 639	2 004 920
Investments	6 904 431	5 192 876
Personal Effects	377 237	171 576
	<b>96 463 051</b>	<b>66 450 084</b>



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

The overall increase in Unrealised Assets is attributable to a increase in the value of and number of clients owning real estate, choosing aged care facilities, owning shares and holding superannuation policies.

**5. PROPERTY**

	2011 \$	2010 \$
Leasehold building	305 000	247 000
Plus: Revaluation	0	85 204
Less: Accumulated Depreciation	<u>(15 250)</u>	<u>(27 204)</u>
	<u>289 750</u>	<u>305 000</u>

An independent valuation of the Public Trustee warehouse at Mitchell was performed as at 30 June 2010. The valuation indicated the value of the warehouse exceeded its carrying amount. Consequently, the asset was revalued.

**6. TRUST LIABILITIES**

Trust liabilities have been brought to account as follows.

Mortgages	459 117	1 076 552
Funeral Expenses	5 555	39 060
Bank Loans and Credit Cards	241	5 280
Medical/Dental Costs	41 803	18 618
Property/Utility Costs	37 020	36 720
Sundry Debts	119 205	187 005
Funds Transferred from Cash Common Fund yet to be Invested	<u>1 469 222</u>	<u>259 052</u>
	<u>2 132 163</u>	<u>1 622 287</u>

The main decrease in Trust Liabilities is due to a decrease in funds held pending investment in Common Fund accounts at the end of the financial year. The increase in other liabilities is attributable to an increase in the number of clients and the value of their assets, and therefore increase in expenses.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**7. ESTATES AND TRUSTS UNDER ADMINISTRATION**

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

	2011	2010
	\$	\$
Deceased Estates	41 433 605	42 084 289
Power of Attorney	16 116 012	17 055 644
Court Trusts	81 219 420	42 405 824
Protected Estates	892 249	1 828 872
Estate Trusts	20 594 062	20 652 531
Proceeds of Crime	3 791	8 085
Community Trusts	2 073 904	1 102 920
Management Orders	32 987 354	27 556 414
Unclaimed Monies	19 493 458	10 794 501
Other	(324)	515
	<u>214 813 531</u>	<u>163 489 595</u>

Due to an increase in the number of clients and the value of their portfolios, the value of client funds under Administration has increased accordingly.

The movement in the total value of accounts under administration represents the value of new client funds received less finalisations and distributions during the year 1 July 2010 to 30 June 2011.

**8. RECONCILIATION OF CASH**

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

Cash at Bank	525 702	14 793
Cash Equivalents	68 070 000	51 742 617
Total Cash and Cash Equivalents	<u>68 595 702</u>	<u>51 757 410</u>

**9. RECONCILIATION OF NET CASH OUTFLOWS FROM OPERATING ACTIVITIES TO THE OPERATING SURPLUS/(DEFICIT)**

Operating Surplus - Interest account	9 471	(94 040)
Operating Surplus - Guarantee and Reserve Account	83 176	58 951
(Increase) in Accrued Income	(390 837)	(233 533)
Depreciation	<u>15 250</u>	<u>12 350</u>
Net Cash (Outflows) from Operating Activities	<u>(282 940)</u>	<u>(256 272)</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**10. ASSET REVALUATION SURPLUS**

	2011 \$	2010 \$
Balance at the Beginning of the Reporting Period	286 028	200 824
	286 028	200 824
Increment in Property, Plant and Equipment	0	85 204
Total Increase in the Asset Revaluation Surplus	0	85 204
Balance at the End of the Reporting Period	286 028	286 028

**11. FINANCIAL INSTRUMENTS**

**(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. Current liabilities consist of unpaid client accounts that are owing at the end of the financial year as well as funds that have been transferred from the cash common fund and are awaiting investment.

**(a) Interest Rate Risk (Continued)**

The Public Trustee's maximum exposure to interest rate risk relating to the financial assets is shown below in Note 11(g): 'Maturity Analysis and Exposure to Interest Rates'.

A significant proportion of the Public Trustee's financial assets consist of cash and cash equivalents. As these are held in floating interest arrangements, the Public Trustee is exposed to movements in the amount of interest it may earn on cash and cash equivalents.

The return on investments and the increase in the investment balance for the year ended 30 June 2011 has resulted in an increase in the amount of interest received.

However, 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.

**(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 the financial assets it holds net of any allowance for impairment. The Public Trustee expects to collect all financial assets that are not past due or impaired.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**11. FINANCIAL INSTRUMENTS (CONTINUED)**

**(b) Credit Risk (Continued)**

There has been a change in credit risk since last reporting period. Investments are now structured with the highest rating banks to ensure more security over funds invested. Credit risk is managed by the Public Trustee for investments by only investing surplus funds with various financial institutions, who have an A credit rating or greater. The A credit rating ensures that the Public Trustee is investing in financial institutions which have a more secure rating than other financial institutions.

The Public Trustee's maximum exposure to credit risk relating to these financial assets and liabilities are shown below in Note 11(g): 'Maturity Analysis and Exposure to Interest Rates'.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Public Trustee will encounter difficulty in meeting obligations associated with financial liabilities. The Public Trustee ensures that funds are available to meet client needs by having investments structured to mature on a regular basis. By structuring investments this way, the Public Trustee ensures that, at any particular point in time, it has a sufficient amount of current financial assets to meet its current financial liabilities.

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

The Public Trustee's maximum exposure to liquidity risk relating to these financial assets and liabilities is shown below in Note 11(g): 'Maturity Analysis and Exposure to Interest Rates'.

**(d) Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

In complying with trust investment requirements of the *Trustee Act 1925*, the Public Trustee is exposed to market price fluctuations in the units of its trust investments portfolios, Australian Equities, Australian Fixed Interest, International Equities and Listed Property Trusts caused by movements in the underlying investments of the individual portfolios. External fund managers manage stock selection of the underlying investments diversifying investments in keeping with investment strategies. Investments are exchange traded securities and a variety of Government bonds, bank deposits and investment-grade corporate issues.

This price risk is managed by diversification of asset classes, diversification of the external funds managers and diversification of the underlying investments in each asset class in keeping with the criteria of section 14 of the *Trustee Act 1925*.

The Public Trustee's exposure to price risk and the management of this risk is monitored continuously under risk management strategies set and supervised under the advice of the Public Trustee Investment Board.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**11. FINANCIAL INSTRUMENTS (CONTINUED)**

**(d) Price Risk (Continued)**

**Sensitivity Analysis**

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are "reasonably possible" over the next 12 months if unit values change by +/- 7.05%, which is one standard deviation from the 2010-11 average unit price.

	Carrying Amount	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Investments	53 386 990	(3 763 783)	(3 763 783)	3 763 783	3 763 783

**(e) 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 2011	Fair Value 2011	Carrying Amount 2010	Fair Value 2010
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and Cash Equivalents	68 595 702	68 595 702	51 757 410	51 757 410
Investments	53 386 990	53 386 990	48 687 377	48 687 377
<b>Total Financial Assets</b>	<u>121 982 692</u>	<u>121 982 692</u>	<u>100 444 787</u>	<u>100 444 787</u>
<b>Financial Liabilities</b>				
Trust Liabilities	<u>2 132 163</u>	<u>2 132 163</u>	<u>1 622 287</u>	<u>1 622 287</u>
<b>Total Financial Liabilities</b>	<u>2 132 163</u>	<u>2 132 163</u>	<u>1 622 287</u>	<u>1 622 287</u>

**f) Fair Value Hierarchy**

The Public Trustee is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used to determine 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;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**11. FINANCIAL INSTRUMENTS (Continued)**

- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2011	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee Common fund				
Equities Common Fund	18 673 002	0	0	18 673 002
Fixed Interest Common Fund	22 816 906	0	0	22 816 906
International Equities Common Fund	7 822 786	0	0	7 822 786
Listed Property Common Fund	4 074 296	0	0	4 074 296
	53 386 990	0	0	53 386 990

**Transfer between categories**

There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

2010	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee Common fund				
Equities Common Fund	19 332 194	0	0	19 332 194
Fixed Interest Common Fund	18 859 026	0	0	18 859 026
International Equities Common Fund	6 770 425	0	0	6 770 425
Listed Property Common Fund	3 725 732	0	0	3 725 732
	48 687 377	0	0	48 687 377

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011

11. FINANCIAL INSTRUMENTS (Continued)

(g) 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 2011. 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.

	Floating Interest Rate	Non-Interest Bearing	Total
	\$	\$	\$
<b>Financial Instruments</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	68 595 702	0	68 595 702
Investments	53 386 990	0	53 386 990
<b>Total Financial Assets</b>	<b>121 982 692</b>	<b>0</b>	<b>121 982 692</b>
Weighted Average Interest Rate	4.01%		
<b>Financial Liabilities</b>			
Trust Liabilities		2 132 163	2 132 163
<b>Total Financial Liabilities</b>		<b>2 132 163</b>	<b>2 132 163</b>
<b>Net Financial Assets</b>	<b>121 982 692</b>	<b>2 132 163</b>	<b>119 850 529</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2011**

**11. FINANCIAL INSTRUMENTS (continued)**

**(g) Maturity Analysis and Exposure to Interest Rates (continued)**

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 2010. 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.

	Floating Interest Rate	Non-Interest Bearing	Total
	\$	\$	\$
<b>Financial Instruments</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	51 757 410	0	51 757 410
Investments	48 687 377	0	48 687 377
<b>Total Financial Assets</b>	<b>100 444 787</b>	<b>0</b>	<b>100 444 787</b>
Weighted Average Interest Rate	3.40%		
<b>Financial Liabilities</b>			
Trust Liabilities	0	1 622 287	1 622 287
<b>Total Financial Liabilities</b>	<b>0</b>	<b>1 622 287</b>	<b>1 622 287</b>
<b>Net Financial Assets/(Liabilities)</b>	<b>100 444 787</b>	<b>1 622 287</b>	<b>98 822 500</b>





**ACT AUDITOR-GENERAL'S OFFICE**



**INDEPENDENT AUDIT REPORT**  
**CAPITAL REGION COMMUNITY FOUNDATION GIFT**  
**FUND**

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

**Report on the financial statements**

The financial statements of the Capital Region Community Foundation Gift Fund for the year ended 30 June 2011 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

**Responsibility for the financial statements**

The Public Trustee for the ACT is responsible for the preparation and fair presentation of the financial statements. 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**

My responsibility is to express an independent audit opinion on the financial statements of the Capital Region Community Foundation Gift Fund.

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

I formed the audit opinion following 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 for the ACT.

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

**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 of the Capital Region Community Foundation Gift Fund for the year ended 30 June 2011:

- (i) are presented in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Capital Region Community Foundation Gift Fund as at 30 June 2011 and the results of its operations and cash flows for the year then ended.

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



Bernie Sheville  
Director, Financial Audits  
13 September 2011

**Capital Region Community Foundation  
Gift Fund  
Financial Statements  
For the Year Ended 30 June 2011**

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**Statement of Responsibility**

In my opinion, the financial statements are in agreement with the Capital Region Community Foundation Gift Fund accounts and records and fairly reflect the financial operations of the Gift Fund for the year ended 30 June 2011 and the financial position of the Gift Fund on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

27 July 2011



## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>INCOME</b>			
Interest	4	22 203	19 919
Gifts	5	494 729	555 718
Dividends	5	317 447	251 997
Rent	5	14 513	13 058
Fundraising	5	50 596	46 638
Gain on Investment Property	6	15 000	0
Gain on Investments	6	352 337	562 106
<b>Total Income</b>		<b>1 266 825</b>	<b>1 449 436</b>
<b>EXPENSES</b>			
Funds Transferred to Beneficiaries	7	284 729	323 485
Administration	7	16 643	9 863
Investment Property Expenses	7	5 728	4 753
Other	7	24 094	16 485
Fundraising	7	10 048	23 133
Bank Fees	7	627	117
<b>Total Expenses</b>		<b>341 869</b>	<b>377 836</b>
<b>Operating Surplus</b>		<b>924 956</b>	<b>1 071 600</b>

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

## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## BALANCE SHEET

AS AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	9	695 220	456 269
Prepayments		<u>0</u>	<u>250</u>
<b>TOTAL CURRENT ASSETS</b>		<b>695 220</b>	<b>456 519</b>
<b>NON-CURRENT ASSETS</b>			
Investments	10	5 967 042	5 308 957
Investment Property	11	<u>265 000</u>	<u>250 000</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6 232 042</b>	<b>5 558 957</b>
<b>TOTAL ASSETS</b>		<b>6 927 262</b>	<b>6 015 476</b>
<b>CURRENT LIABILITIES</b>			
Payables	12	2 882	2 602
Revenue Received in Advance	13	<u>0</u>	<u>13 450</u>
<b>TOTAL CURRENT LIABILITIES</b>		<b>2 882</b>	<b>16 052</b>
<b>TOTAL LIABILITIES</b>		<b>2 882</b>	<b>16 052</b>
<b>NET ASSETS</b>		<b>6 924 380</b>	<b>5 999 424</b>
<b>EQUITY</b>			
Accumulated Funds		<u>6 924 380</u>	<u>5 999 424</u>
<b>Total Equity</b>		<b>6 924 380</b>	<b>5 999 424</b>

The above Balance Sheet should be read in conjunction with the accompanying notes.

## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2011

	Accumulated Funds Actual	Total Equity Actual
30-Jun-11	\$	\$
Balance at the Beginning of the Reporting Period	5 999 424	5 999 424
Comprehensive Income		
Operating Surplus	924 956	924 955
Total Comprehensive Income	924 956	924 955
Balance at the End of the Reporting Period	6 924 380	6 924 379

	Accumulated Funds Actual	Total Equity Actual
30-Jun-10	\$	\$
Balance at the Beginning of the Reporting Period	4 927 824	4 927 824
Comprehensive Income		
Operating Surplus	1 071 600	1 071 600
Total Comprehensive Income	1 071 600	1 071 600
Balance at the End of the Reporting Period	5 999 424	5 999 424

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

## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Gifts		494 729	555 718
Interest		22 203	19 919
Dividends		317 447	251 997
Rent		14 513	13 058
Fundraising		37 146	60 088
<b>Total Receipts from Operating Activities</b>		<b>886 038</b>	<b>900 780</b>
<b>PAYMENTS</b>			
Administration		16 643	9 863
Rental		5 728	4 753
Other		23 814	16 303
Fundraising		9 798	23 383
Funds Transferred to Beneficiaries		284 729	323 485
Bank Fees		627	117
<b>Total Payments from Operating Activities</b>		<b>341 339</b>	<b>377 904</b>
<b>Net Cash Inflows from Operating Activities</b>	16	<b>544 699</b>	<b>522 876</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>PAYMENTS</b>			
Purchase of Investments		305 748	538 529
<b>Net Cash Outflows from Investing Activities</b>		<b>305 748</b>	<b>538 529</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>238 951</b>	<b>(15 653)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		456 269	471 922
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	9	<b>695 220</b>	<b>456 269</b>

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

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. ACTIVITIES OF THE PUBLIC TRUSTEE AS TRUSTEE FOR THE CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND (THE FUND)**

The Fund is a public fund established under the Declaration of Trust dated 14 March 2003 to receive settlements and contributions of money and property from persons and their legal representatives and to distribute income to eligible recipients endorsed under sub-division 30-B of the *Income Tax Assessment Act 1997*.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Accounting**

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 certain assets which were valued in accordance with the valuation policies applicable to the Fund during the reporting period.

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

The Capital Region Community Foundation Gift Fund is an individual reporting entity. The principal accounting policies adopted by the Fund as Trustee of the Fund are stated to assist in the general understanding of these financial statements. These policies have been consistently applied except as otherwise stated.

**(b) The Reporting Period**

These financial statements state the financial performance, changes in equity and cash flows of the Fund for the year ending 30 June 2011 together with the financial position of the Fund as at 30 June 2011.

**(c) Comparative Figures**

*Prior Year Comparatives*

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

**(d) Rounding**

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

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**(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 Fund and the revenue can be reliably measured. In addition, the following specific recognition criteria must also be met before revenue is recognised:

*Gifts*

Gifts were received from the community and businesses to assist eligible recipients. Gifts received are brought to account as revenue on receipt of these funds.

*Interest*

Interest is brought to account as revenue when it has been earned.

*Dividends*

Dividend revenue is recognised when the Fund's right to receive payment is established.

*Rental revenue*

Revenue from the rental of investment properties is recognised by the Fund on a straight-line basis over the term of the lease.

*Fundraising*

Fundraising revenue was received from the community and business. Fundraising received is brought to account on receipt of these funds.

**(f) 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 Fund 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.



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**(g) Cash and Cash Equivalents**

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

**(h) Investments**

Current Investments (Common Fund – Growth Funds) have been brought to account at market value and investment income is recognised in the Operating Statement on a cash basis.

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

- |                  |            |
|------------------|------------|
| • Capital Secure | • Growth   |
| • Income Stable  | • Balanced |

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

Investments in pooled investment funds are valued in accordance with unit prices at the balance date as advised by the managers of the funds. Long-term investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date. The price of units in the unit trust fluctuates in value. The net gain or loss on investments consists of the fluctuation in price of the unit trust between the end of last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trust (the profit being the difference between the price at the end of last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

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

**(i) Investment Properties**

Investment properties are measured at fair value. Fair value is the amount the asset could be exchanged between knowledgeable, willing parties in an arm's length transaction. Changes in fair value are recorded in the Operating Statement. Investment properties are not depreciated.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**(j) Payables**

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

Other Payables are those unpaid invoices that do not directly relate to the normal operations of the Agency.

**(k) Significant Accounting Judgements and Estimates**

In the process of applying the accounting policies listed in this note, the Fund has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial statements:

- (a) Fair Value of Investment Property: The Fund has made a significant judgement regarding the fair value of its assets. The Investment Property has been recorded at the market value of similar properties as determined by an independent valuer. This valuation uses significant judgement and estimates to determine the fair value, including the appropriate indexation figure and quantum of assets held.

**(l) 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 Fund 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 Fund in future reporting periods:

- AASB 1 First-time Adoption of Australian Accounting Standards (application date 1 January 2011);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 January 2011)
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2011);
- AASB 107 Statement of Cash Flows (application date 1 January 2011);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);
- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 118 revenue (application date 1 January 2011);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 January 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**(i) Impact of Accounting Standards Issued but yet to be Applied (CONTINUED)**

- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2011);
- AASB 140 Investment Property (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);
- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 January 2013);
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 January 2013);
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 3, 4, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 11, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (application date 1 January 2013);
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (application date 1 Jul 2010);
- 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 Jan 2013);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011).

**3. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR**

**(a) Change in Accounting Policy**

The Fund had no changes in Accounting Policy during the reporting period.

**(b) Correction of Prior Period Errors**

The Fund had no correction of prior period errors during the reporting period.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**4. INTEREST**

	2011 \$	2010 \$
<b>Revenue from ACT Government Entities</b>		
Interest Revenue from Public Trustee ACT Common Fund	22 116	19 856
<b>Total Interest Revenue from ACT Government Entities</b>	<u>22 116</u>	<u>19 856</u>
<b>Other Revenue from Non-ACT Government Entities</b>		
Other Interest	87	63
<b>Total Revenue from non-ACT Government Entities</b>	<u>87</u>	<u>63</u>
<b>Total Interest</b>	<u>22 203</u>	<u>19 919</u>

Interest income fluctuates with changes in market interest rates. Overall, Cash and Cash Equivalents increased during the year providing an increased base for interest returns.

**5. INCOME**

**Income from ACT Government Entities**

Dividends	317 447	251 997
<b>Total Income from ACT Government Entities</b>	<u>317 447</u>	<u>251 997</u>

**Income from Non-ACT Government Entities**

Gifts	494 729	555 718
Rental Revenue from Investment Properties	14 513	13 058
Fundraising	50 596	46 638
<b>Total Income from Non-ACT Government Entities</b>	<u>559 838</u>	<u>615 414</u>

Dividends have increased this year due to an increase in returns due to an improved market.

Gifts and Settlements have decreased this year due to the decrease in new estate settlements transferred from Public Trustee estate distributions.

Fundraising has increased due to marketing strategies being adopted by new foundation clients.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**6. GAINS ON INVESTMENTS**

	2011 \$	2010 \$
Unrealised Gains on Investments	0	153 624
Realised Gains on Investments	352 337	408 482
Gain on Investment Property	15 000	0
<b>Total Gains on Investments</b>	<b>367 337</b>	<b>562 106</b>

The investment market continues to improve. As a result of the improvement, there was a gain on invested funds.

The investment property was revalued at 30 June 2011. As a result there was a gain made on the investment property.

**7. EXPENSES**

Funds Transferred to Beneficiaries	284 729	323 485
Administration Expenses	16 643	9 863
Investment Property Expenses	5 728	4 753
Other	24 094	16 485
Fundraising Expenses	10 048	23 133
Bank Fees	627	117
<b>Total Expenses</b>	<b>341 869</b>	<b>377 836</b>

The Foundation Board has recommended the Trustee make further distributions from income received during the year. As a result of the decrease in gifts received there were less funds to distribute to Beneficiaries.

Administration costs mainly relate to fees and charges and are commission based. As a result of an application to the Australian Taxation Office a refund of input tax credits (RITC) were received. These RITC's were applied against Administration Expenses.

Other expenses have increased as a result of costs associated with the establishment of new foundation clients.

Fundraising expenses have decreased due to lower costs associated with fundraising by marketing strategies being adopted by new foundation clients.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**8. AUDITOR'S REMUNERATION**

	2011 \$	2010 \$
<b>Audit Services</b>		
Audit Fees paid to the ACT Auditor-General's Office	2 882	2 602
<b>Total Audit Fees</b>	<u>2 882</u>	<u>2 602</u>

No other services were provided by the ACT Auditor-General's Office.

**9. CASH AND CASH EQUIVALENTS**

Excess credit balances, as at 30 June 2011, were pooled with credit balances in the Public Trustee Cash Common Fund for investment purposes.

Cash at Bank	5 220	6 269
Short Term Money Market and Interest - Bearing Deposits and Securities Cash	690 000	450 000
<b>Total Cash and Cash Equivalents</b>	<u>695 220</u>	<u>456 269</u>

**10. INVESTMENTS**

**Non-Current Investments**

Public Trustee Common Funds	5 967 042	5 308 957
<b>Total Non-Current Investments</b>	<u>5 967 042</u>	<u>5 308 957</u>

The increase in the balance of Common Fund investments is due to an increase of funds invested together with a revaluation of these investments.

**11. INVESTMENT PROPERTY**

The investment property is held primarily for rental income. There are no restrictions on investment properties held of any restrictions on the income generated.

There are no contractual obligations to construct, purchase or develop investment properties. Further there is no contractual obligation for the repair, maintenance or enhancement of the investment properties.

The last revaluation of the property was performed during the financial year ending 30 June 2011. The valuation was performed by a member of Herron Todd White, Independent Property Advisors.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**11. INVESTMENT PROPERTY (CONTINUED)**

The valuation indicated the value of the investment property exceeded its carrying amount. Consequently the asset was revalued.

	2011 \$	2010 \$
Land and Buildings at Fair Value	265 000	250 000
<b>Total Investment Property</b>	<b>265 000</b>	<b>250 000</b>
<b>Income and Expenses from Investment Property</b>		
Rental Income	14 513	13 058
Less: Direct Operating Expenses of the Investment Property that Generated Investment Income	(5 728)	(4 753)
<b>Total Income and Expenses from Investment Property</b>	<b>8 785</b>	<b>8 305</b>

**12. PAYABLES**

**Current Payables**

Accrued Expenses	2 882	2 602
<b>Total Current Payables</b>	<b>2 882</b>	<b>2 602</b>

**13. REVENUE RECEIVED IN ADVANCE**

Fundraising	0	13 450
<b>Total Revenue Received in Advance</b>	<b>0</b>	<b>13 450</b>

**14. 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, to the financial statements.

**(a) Interest Rate Risk**

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

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**14. FINANCIAL INSTRUMENTS (CONTINUED)**

A significantly greater portion of financial assets are held in floating interest rates arrangements, compared to financial liabilities that are subject to floating interest rates. This means that the Fund is not significantly exposed to movements in interest payable, however, it is exposed to movements in interest receivable. Interest rates improved during the year ended 30 June 2011, however, interest rates, on average, remained lower than in previous years.

Interest rate risk for financial assets is managed by the Fund by only investing in floating interest rate investments that are low risk. Interest rate risk for financial liabilities is not actively managed by the Fund as there are no financial liabilities which are exposed to a floating interest rate. There have been no changes in risk exposure or processes for managing risk since last financial reporting period.

*Sensitivity Analysis*

A sensitivity analysis has not been undertaken for the interest rate risk of the Fund as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.

**(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 Fund's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment. The Fund expects to collect all financial assets that are not past due or impaired.

Credit risk is managed by the Fund for investments by only investing surplus funds with various financial institutions, who have an "A" credit rating or greater. There is no other collateral held as security for financial assets.

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

**(c) Liquidity Risk**

Liquidity risk is the risk that the Fund will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Fund ensures that it has a sufficient amount of current financial assets to meet its current financial liabilities.

The Fund's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

**(d) Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**14. FINANCIAL INSTRUMENTS - (CONTINUED)**

individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. In complying with trust investment requirements of the *Trustee Act 1925*, the Fund is exposed to market price fluctuations in the units of its trust investments portfolios, Australian Equities, Australian Fixed Interest, International Equities and Listed Property Trusts caused by movements in the underlying investments of the individual portfolios. External fund managers manage stock selection of the underlying investments diversifying investments in keeping with investment strategies. Investments are held as exchange traded securities and a variety of Government bonds, bank deposits and investment-grade corporate issues. To limit price risk, all bonds that make up the underlying investments of the investment portfolio must have a long term credit rating of BBB- or greater. Anything rated BBB- or greater is considered 'investment grade'.

This price risk is managed by diversification of asset classes, diversification of the external funds managers and diversification of the underlying investments in each asset class in keeping with the criteria of section 14 of the *Trustee Act 1925*.

The Capital Region Community Foundation Gift Fund's exposure to price risk and the management of this risk is monitored continuously under risk management strategies set and supervised under the advice of the Capital Region Community Foundation Gift Fund Investment Board.

**Sensitivity Analysis**

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are reasonably possible over the next 12 months if unit values change by +/- 8.423%, which is one standard deviation from the 2010-11 average unit price.

	Carrying Amount	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Investments	5 967 042	(502 604)	(502 604)	502 604	502 604

CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

14. FINANCIAL INSTRUMENTS - (CONTINUED)

(e) 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 2011 \$	Fair Value 2011 \$	Carrying Amount 2010 \$	Fair Value 2010 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	695 220	695 220	456 269	456 269
Investments	5 967 042	5 967 042	5 308 957	5 308 957
<b>Total Financial Assets</b>	<b>6 662 262</b>	<b>6 662 262</b>	<b>5 765 226</b>	<b>5 765 226</b>
<b>Financial Liabilities</b>				
Payables	2 882	2 882	2 602	2 602
<b>Total Financial Liabilities</b>	<b>2 882</b>	<b>2 882</b>	<b>2 602</b>	<b>2 602</b>



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**14. FINANCIAL INSTRUMENTS - (CONTINUED)**

**(f) Maturity Analysis and Exposure to Interest Rates**

The following table sets out the Fund'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 2011. 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.

	Floating Interest Rate	Non-Interest Bearing	Total
	\$	\$	\$
<b>Financial Instruments</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	695 220	-	695 220
Investments		5 967 042	5 967 042
<b>Total Financial Assets</b>	<b>695 220</b>	<b>5 967 042</b>	<b>6 662 262</b>
Weighted Average Interest Rate	7.42%		
<b>Financial Liabilities</b>			
Accounts Payable	-	2 882	2 882
<b>Total Financial Liabilities</b>	<b>0</b>	<b>2 882</b>	<b>2 882</b>
<b>Net Financial Assets</b>	<b>695 220</b>	<b>5 964 160</b>	<b>6 659 380</b>

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**14. FINANCIAL INSTRUMENTS - (CONTINUED)**

**(f) Maturity Analysis and Exposure to Interest Rates - (CONTINUED)**

The following table sets out the Fund'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 2010. 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.

	Floating Interest Rate	Non-Interest Bearing	Total
	\$	\$	\$
<b>Financial Instruments</b>			
<b>Financial Assets</b>			
Cash and Cash Equivalents	456 269	-	456 269
Investments		5 308 957	5 308 957
<b>Total Financial Assets</b>	456 269	5 308 957	5 765 226
	%		
Weighted Average Interest Rate	4.04		
<b>Financial Liabilities</b>			
Accounts Payable	-	2 602	2 602
<b>Total Financial Assets</b>	0	2 602	2 602
<b>Net Financial Assets</b>	456 269	5 306 355	5 762 624

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**14. FINANCIAL INSTRUMENTS - (CONTINUED)**

**(g) Fair Value Hierarchy**

The Public Trustee is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used to determine 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;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2011	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee Common fund				
Greater Good Growth Gift Fund	5 967 042			5 967 042

**Transfer between categories**

There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

2010	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee Common fund				
Greater Good Growth Gift Fund	5 308 957			5 308 957

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**15. RECONCILIATION OF CASH**

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

	2011 \$	2010 \$
Cash at Bank	5 220	6 269
Cash Equivalents	690 000	450 000
Total Cash and Cash Equivalents	<u>695 220</u>	<u>456 269</u>

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

Operating Surplus	924 956	1 071 600
Add/(Less) Items Classified as Investing or Financing		
(Loss) on Investments	(367 337)	(562 106)
(Add)/Less Non-Cash Items		
Increase in Accrued Expenses	280	182
(Decrease)/Increase in Revenue Received in Advance	(13 450)	13 450
Increase/(Decrease) in Prepayments	250	(250)
Net Cash Inflows from Operating Activities	<u>544 699</u>	<u>522 876</u>

CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011

17. RELATED PARTY DISCLOSURES

Paragraph 6 of the Capital Region Community Foundation Gift Fund Declaration of Trust provides that for the purpose of recommending the allocation of income and capital of the fund the Trustee will act upon advice from Capital Region Community Foundation Gift Fund Board.

- (a) The members of the Board during the year were:

Hon Margaret Reid AO  
Jennie Cameron  
Diana Forrester  
Richard Gibson  
Doug Gillespie  
Chic Henry  
Larry King

Sarah Palic  
Chris Peters AM  
Grant Alleyn

- (b) No members of the Board received remuneration for services provided to the Fund during the year.
- (c) There were no related party transactions between the Capital Region Community Foundation Gift Fund and the members of the Board, or parties related to members of the Board.



## ACT AUDITOR-GENERAL'S OFFICE



### INDEPENDENT AUDIT REPORT CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

To the Members of the ACT Legislative Assembly

#### Report on the financial statements

The financial statements of the Capital Region Community Foundation Open Fund for the year ended 30 June 2011 have been audited. These comprise the operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

#### Responsibility for the financial statements

The Public Trustee for the ACT is responsible for the preparation and fair presentation of the financial statements. 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

My responsibility is to express an independent audit opinion on the financial statements of the Capital Region Community Foundation Open Fund.

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

I formed the audit opinion following 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 for the ACT.

**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 of the Capital Region Community Foundation Open Fund for the year ended 30 June 2011:

- (i) are presented in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Capital Region Community Foundation Open Fund as at 30 June 2011 and the results of its operations and cash flows for the year then ended.

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



Bernie Sheville  
Director, Financial Audits  
13 September 2011

**Capital Region Community Foundation  
Open Fund  
Financial Statements  
For the Year Ended 30 June 2011**

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**Statement of Responsibility**

In my opinion, the Financial Statements are in agreement with the Capital Region Community Foundation Open Fund accounts and records and fairly reflect the financial operations of the Open Fund for the year ended 30 June 2011 and the financial position of the Open Fund on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

27 July 2011



## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>INCOME</b>			
Interest	4	2 080	524
Gifts	5	148 605	11 665
Dividends	5	15 136	11 641
Fundraising	5	0	9 000
Gain on Investments	6	18 689	19 129
<b>Total Income</b>		<b>184 510</b>	<b>51 959</b>
<b>EXPENSES</b>			
Donations	7	6 330	12 500
Administration	7	947	669
Other	7	8 934	9 041
<b>Total Expenses</b>		<b>16 211</b>	<b>22 210</b>
<b>Operating Surplus</b>		<b>168 299</b>	<b>29 749</b>

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

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## BALANCE SHEET

AS AT 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	9	<u>162 105</u>	<u>11 109</u>
<b>TOTAL CURRENT ASSETS</b>		<u>162 105</u>	<u>11 109</u>
<b>NON-CURRENT ASSETS</b>			
Investments	10	<u>298 050</u>	<u>280 467</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>298 050</u>	<u>280 467</u>
<b>TOTAL ASSETS</b>		<u>460 155</u>	<u>291 576</u>
<b>CURRENT LIABILITIES</b>			
Accrued Expenses	11	<u>2 882</u>	<u>2 602</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>2 882</u>	<u>2 602</u>
<b>TOTAL LIABILITIES</b>		<u>2 882</u>	<u>2 602</u>
<b>NET ASSETS</b>		<u>457 273</u>	<u>288 974</u>
<b>EQUITY</b>			
Accumulated Funds		<u>457 273</u>	<u>288 974</u>
<b>Total Equity</b>		<u>457 273</u>	<u>288 974</u>

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

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## STATEMENT OF CHANGES IN EQUITY

	Accumulated Funds Actual	Total Equity Actual
FOR THE YEAR ENDED 30 JUNE 2011	\$	\$
Balance at the Beginning of the Reporting Period	288 974	288 974
Comprehensive Income		
Operating Surplus	168 299	168 299
Total Comprehensive Income	168 299	168 299
Balance at the End of the Reporting Period	457 273	457 273

	Accumulated Funds Actual	Total Equity Actual
FOR THE YEAR ENDED 30 JUNE 2010	\$	\$
Balance at the Beginning of the Reporting Period	259 225	259 225
Comprehensive Income		
Operating Surplus	29 749	29 749
Total Comprehensive Surplus	29 749	29 749
Balance at the End of the Reporting Period	288 974	288 974

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

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 \$	2010 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Gifts/Settlements		148 605	11 665
Interest		2 080	524
Dividends		15 136	11 641
Fundraising		0	9 000
<b>Total Receipts from Operating Activities</b>		<b>165 821</b>	<b>32 830</b>
<b>PAYMENTS</b>			
Donations		6 330	12 500
Administration		947	669
Other		8 654	8 859
<b>Total Payments from Operating Activities</b>		<b>15 931</b>	<b>22 028</b>
<b>Net Cash Inflows from Operating Activities</b>	14	<b>149 890</b>	<b>10 802</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Sale of Investments		1 106	13 737
<b>Net Cash Outflows from Investing Activities</b>		<b>1 106</b>	<b>13 737</b>
<b>Net (Decrease) in Cash and Cash Equivalents</b>		<b>150 996</b>	<b>(2 935)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		11 109	14 044
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	9	<b>162 105</b>	<b>11 109</b>

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

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**1. ACTIVITIES OF THE PUBLIC TRUSTEE AS TRUSTEE FOR THE CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND (THE FUND)**

The Fund is a public fund established under the Declaration of Trust dated 14 March 2003 to receive settlements and contributions of money and property from persons and their legal representatives and to distribute income to designated charities endorsed under sub-division 50-B of the *Income Tax Assessment Act 1997*.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**a) Basis of Accounting**

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 certain assets which were valued in accordance with the valuation policies applicable to the Fund during the reporting period.

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

The Capital Region Community Foundation Open Fund is an individual reporting entity. The principal accounting policies adopted by the Fund as Trustee of the Fund are stated to assist in the general understanding of these financial statements. These policies have been consistently applied except as otherwise stated.

**(b) The Reporting Period**

These financial statements state the financial performance, changes in equity and cash flows of the Fund for the year ending 30 June 2011 together with the financial position of the Fund as at 30 June 2011.

**(c) Comparative Figures**

*Prior Year Comparatives*

Comparative information has been disclosed in respect of the previous period for all amounts reported in the financial statements, except where an Australian Accounting Standard does not require comparative information to be disclosed.

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

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**(d) Rounding**

All amounts in the financial statements have been rounded to the nearest 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 Fund and the revenue can be reliably measured. In addition, the following specific recognition criteria must also be met before revenue is recognised:

*Gifts*

Gifts were received from the community and businesses to assist eligible recipients. Gifts received are brought to account as revenue on receipt of these funds.

*Interest*

Interest is brought to account as revenue when it has been earned.

*Dividends*

Dividend revenue is recognised when the Fund's right to receive payment is established.

*Fundraising*

Fundraising revenue was received from the community and business. Fundraising received is brought to account on receipt of these funds.

**(f) 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 Fund 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

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**(g) Cash and cash Equivalents**

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

**(h) Investments**

Current Investments (Common Fund – Growth Funds) have been brought to account at market value and investment income is recognised in the Operating Statement on a cash basis.

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

- |                  |            |
|------------------|------------|
| • Capital Secure | • Growth   |
| • Income Stable  | • Balanced |

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

Investments in pooled investment funds are valued in accordance with unit prices at the balance date as advised by the managers of the funds. Long-term investments are measured at fair value with any adjustments to the carrying amount recorded in the Operating Statement. Fair value is based on an underlying pool of investments which have quoted market prices at the reporting date. The price of units in the unit trust fluctuates in value. The net gain or loss on investments consists of the fluctuation in price of the unit trust between the end of last reporting period and the end of this reporting period as well as any profit on the sale of units in the unit trust (the profit being the difference between the price at the end of last reporting period and the sale price). The net gains or losses do not include interest or dividend income.

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



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2011**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

**(i) Payables**

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

Other Payables are those unpaid invoices that do not directly relate to the normal operations of the Agency.

**(j) Significant Accounting Judgements and Estimates**

In the process of applying the accounting policies listed in this note, the Fund has no judgements and estimates that have any significant impact on the amounts recorded in the financial statements.

**(k) 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 Fund 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 Fund in future reporting periods:

- AASB 1 First-time Adoption of Australian Accounting Standards (application date 1 January 2011);
- AASB 5 Non-current Assets Held for Sale and Discontinued Operations (application date 1 January 2011);
- AASB 7 Financial Instruments: Disclosures (application date 1 January 2011)
- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 101 Presentation of Financial Statements (application date 1 January 2011);
- AASB 107 Statement of Cash Flows (application date 1 January 2011);
- AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors (application date 1 January 2011);
- AASB 110 Events after the Reporting Period (application date 1 January 2011);
- AASB 118 revenue (application date 1 January 2011);
- AASB 119 Employee Benefits (application date 1 January 2011);
- AASB 132 Financial Instruments: Presentation (application date 1 January 2011);
- AASB 137 Provisions, Contingent Liabilities and Contingent Assets (application date 1 January 2011);
- AASB 139 Financial Instruments: Recognition and Measurement (application date 1 January 2011);
- AASB 140 Investment Property (application date 1 January 2011);
- AASB 1031 Materiality (application date 1 January 2011);



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)**

- AASB 1053 Application of Tiers of Australian Accounting Standards (application date 1 January 2013);
- AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12] (application date 1 January 2013);
- AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 3, 4, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 11, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Interpretations 2, 4, 5, 15, 17, 127, 129 & 1052] (application date 1 January 2013);
- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & AASB 7] (application date 1 July 2011);
- 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 2013);
- AASB Interpretation 4 Determining whether an Arrangement contains a lease (application date 1 January 2011); and
- AASB Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (application date 1 January 2011).

**3. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR**

**(a) Change in Accounting Policy**

The Fund had no changes in Accounting Policy during the reporting period.

**(b) Correction of Prior Period Errors**

The Fund had no correction of prior period errors during the reporting period.

**4. INTEREST**

	2011 \$	2010 \$
<b>Revenue from within the ACT Government</b>		
Interest Revenue from Public Trustee ACT Common Fund	2 080	524
<b>Total Interest Revenue from within the ACT Government</b>	<u>2 080</u>	<u>524</u>

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**4. INTEREST (CONTINUED)**

Interest income fluctuates with changes in market interest rates. Overall, investments increased during the year providing an increased base for interest returns.

**5. INCOME**

	2011 \$	2010 \$
<b>Income from ACT Government Entities</b>		
Dividends	15 136	11 641
<b>Total Income from ACT Government Entities</b>	<u>15 136</u>	<u>11 641</u>
<b>Income from Non-ACT Government Entities</b>		
Gifts	148 605	11 665
Fundraising	0	9 000
<b>Total Income from Non-ACT Government Entities</b>	<u>148 605</u>	<u>20 665</u>

Dividends have increased this year due an improvement in the market.

Settlement of new funds (gifts) into the Open Fund has increased this financial year. This is due to the success of marketing by the Public Trustee Office.

**6. GAINS ON INVESTMENTS**

Unrealised Gains on Investments	18 689	19 129
<b>Total Gains on Investments</b>	<u>18 689</u>	<u>19 129</u>

There was a gain on invested funds due to an improvement in the investment market.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**7. EXPENSES**

	2011 \$	2010 \$
Funds Transferred to Beneficiaries	6 330	12 500
Administration Expenses	947	689
Other	8 934	9 041
<b>Total Expenses</b>	<b>16 211</b>	<b>22 210</b>

There was a reduction in funds transferred to beneficiaries. As a result of an application to the Australian Taxation Office a refund of input tax credits (RITC) was received. These RITC's were applied against Other Expenses.

Administration costs mainly relate to fees and charges and are commission based. The higher the income received from invested funds, the higher the administration charge.

**8. AUDITOR'S REMUNERATION**

**Audit Services**

Audit Fees paid to the ACT Auditor-General's Office	2 882	2 602
<b>Total Audit Fees</b>	<b>2 882</b>	<b>2 602</b>

No other services were provided by the ACT Auditor-General's Office.

**9. CASH AND CASH EQUIVALENTS**

Excess credit balances, as at 30 June 2011, were pooled with credit balances in the Public Trustee Cash Common Fund for investment purposes.

Cash at Bank	2 105	1 109
Short Term Money Market and Interest - Bearing Deposits and Securities Cash	160 000	10 000
<b>Total Cash and Cash Equivalents</b>	<b>162 105</b>	<b>11 109</b>

CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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10. INVESTMENTS

	2011 \$	2010 \$
<b>Non-Current Investments</b>		
Public Trustee Common Funds	298 050	280 467
<b>Total Non-Current Investments</b>	<u>298 050</u>	<u>280 467</u>

The increase in the balance of Common Fund investments is due to a revaluation of these investments.

11. PAYABLES

**Current Payables**

Accrued Expenses	2 882	2 602
<b>Total Current Payables</b>	<u>2 882</u>	<u>2 602</u>

12. 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, to the financial statements.

**(a) Interest Rate Risk**

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

A significantly greater portion of financial assets are held in floating interest rates arrangements, compared to financial liabilities that are subject to floating interest rates. This means that the Fund is not significantly exposed to movements in interest payable, however, it is exposed to movements in interest receivable. Interest rates improved during the year ended 30 June 2011, with this interest rates on average still remain lower than previous years.

Interest rate risk for financial assets is managed by the Fund by only investing in floating interest rate investments that are low risk. Interest rate risk for financial liabilities is not actively managed by the Fund as there are no financial liabilities which are exposed to a floating interest rate. There have been no changes in risk exposure of processes for managing risk since last financial reporting period.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

*Sensitivity Analysis*

A sensitivity analysis has not been undertaken for the interest rate risk of the Fund as it has been determined that the possible impact on income and expenses or total equity from fluctuations in interest rates is immaterial.

**(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 Fund's credit risk is limited to the amount of the financial assets it holds net of any allowance for impairment. The Fund expects to collect all financial assets that are not past due or impaired.

Credit risk is managed by the Fund for investments by only investing surplus funds with various financial institutions, who have an A credit rating or greater. There is no other collateral held as security for financial assets.

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

**(c) Liquidity Risk**

Liquidity risk is the risk that the Fund will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. To limit its exposure to liquidity risk, the Fund ensures that at any particular point in time, it has a sufficient amount of current financial assets to meet its current financial liabilities.

The Fund's exposure to liquidity risk and the management of this risk has not changed since the previous reporting period.

**(d) Price Risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. In complying with trust investment requirements of the *Trustee Act 1925*, the Fund is exposed to market price fluctuations in the units of its trust investments portfolios, Australian Equities, Australian Fixed Interest, International Equities and Listed Property Trusts caused by movements in the underlying investments of the individual portfolios. External fund managers manage stock selection of the underlying investments diversifying investments in keeping with investment strategies. Investments are held as exchange traded securities and a variety of Government bonds, bank deposits and investment-grade corporate issues. To limit price risk, all bonds that make up the underlying investments of the investment portfolio must have a long term credit rating of BBB- or greater. Anything rated BBB- or greater is considered 'investment grade'.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

This price risk is managed by diversification of asset classes, diversification of the external funds managers and diversification of the underlying investments in each asset class in keeping with the criteria of section 14 of the *Trustee Act 1925*.

The Capital Region Community Foundation Open Fund's exposure to price risk and the management of this risk is monitored continuously under risk management strategies set and supervised under the advice of the Capital Region Community Foundation Open Fund Investment Board.

**Sensitivity Analysis**

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are reasonably possible over the next 12 months if unit values change by +/- 8.24%, which is one standard deviation from the 2009-10 average unit price.

	Carrying Amount	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Investments	298 050	(24 559)	(24 559)	24 559	24 559



CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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12. FINANCIAL INSTRUMENTS (CONTINUED)

(e) 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 2011 \$	Fair Value 2011 \$	Carrying Amount 2010 \$	Fair Value 2010 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	162 105	162 105	11 109	11 109
Investments	298 050	298 050	280 467	280 467
<b>Total Financial Assets</b>	<b>460 155</b>	<b>460 155</b>	<b>291 576</b>	<b>291 576</b>
<b>Financial Liabilities</b>				
Payables	2 882	2 882	2 602	2 602
<b>Total Financial Liabilities</b>	<b>2 882</b>	<b>2 882</b>	<b>2 602</b>	<b>2 602</b>

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

**(f) Maturity Analysis and Exposure to Interest Rates**

The following table sets out the Fund'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 2011. 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	Floating Interest Rate	Non-Interest Bearing	Total
		\$	\$	\$
<b>Financial Instruments</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents		162 105	-	162 105
Investments		298 050	-	298 050
<b>Total Financial Assets</b>		<b>460 155</b>	<b>0</b>	<b>460 155</b>
Weighted Average Interest Rate		8.24%		
<b>Financial Liabilities</b>				
Accounts Payable		-	2 882	2 882
<b>Total Financial Liabilities</b>		<b>0</b>	<b>2 882</b>	<b>2 882</b>
<b>Net Financial Assets/(Liabilities)</b>		<b>460 155</b>	<b>(2 882)</b>	<b>457 273</b>



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

**(f) Maturity Analysis and Exposure to Interest Rates**

The following table sets out the Fund'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 2010. 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	Floating Interest Rate	Non-Interest Bearing	Total
		\$	\$	\$
<b>Financial Instruments</b>				
<b>Financial Assets</b>				
Cash and Cash Equivalents		11 109	-	11 109
Investments		280 467	-	280 467
<b>Total Financial Assets</b>		<b>291 576</b>	<b>-</b>	<b>291 576</b>
Weighted Average Interest Rate		3.7%		
<b>Financial Liabilities</b>				
Accounts Payable		-	2 602	2 602
<b>Total Financial Liabilities</b>		<b>-</b>	<b>2 602</b>	<b>2 602</b>
<b>Net Financial Assets/(Liabilities)</b>		<b>291 576</b>	<b>(2 602)</b>	<b>288 974</b>

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**12. FINANCIAL INSTRUMENTS (CONTINUED)**

**(g) Fair Value Hierarchy**

The Public Trustee is required to classify financial assets and financial liabilities into a fair value hierarchy that reflects the significance of the inputs used to determine 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;
- Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 – inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2011	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee Common fund				
Greater Good Growth Open Fund	298 050			298 050

**Transfer between categories**

There have been no transfers of financial assets or financial liabilities between Level 1 and Level 2 during the reporting period.

2010	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee Common fund				
Greater Good Growth Open Fund	280 467			280 467

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
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**13. RECONCILIATION OF CASH**

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

	2011 \$	2010 \$
Cash at Bank	2 105	1 109
Cash Equivalents	160 000	10 000
Total Cash and Cash Equivalents	<u>162 105</u>	<u>11 109</u>

**14. RECONCILIATION OF NET CASH INFLOWS/(OUTFLOWS) FROM OPERATING ACTIVITIES TO THE OPERATING SURPLUS**

Operating Surplus	168 299	29 749
Add/(Less) Items Classified as Investing or Financing		
(Gains) on Investments	(18 689)	(19 129)
(Add)/Less Non-Cash Items		
Payables	280	182
Net Cash Inflows from Operating Activities	<u>149 890</u>	<u>10 802</u>

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
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**15. RELATED PARTY DISCLOSURES**

Paragraph 6 of the Capital Region Community Foundation Open Fund Declaration of Trust provides that for the purpose of recommending the allocation of income and capital of the fund the Trustee will act upon advice from Capital Region Community Foundation Open Fund Board.

- (a) The members of the Board during the year were:

Hon Margaret Reid AO  
Jennie Cameron  
Diana Forrester  
Richard Gibson  
Doug Gillespie  
Chic Henry  
Larry King  
Sarah Palic  
Chris Peters AM  
Grant Alleyn

- (b) No members of the Board received remuneration for services provided to the Fund during the year.
- (c) There were no related party transactions between the Capital Region Community Foundation Open Fund and the members of the Board, or parties related to members of the Board.





**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

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## GLOSSARY OF ABBREVIATIONS AND ACRONYMS

<b>ACAT</b>	Australian Capital Territory Civil and Administrative Tribunal.
<b>AFL</b>	Australian Football League.
<b>AGAC</b>	Australian Guardianship and Administration Council.
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre.
<b>AWA</b>	Australian Workplace Agreement.
<b>COMMBIZ</b>	Commonwealth Bank - Business.
<b>COTA</b>	Council On The Ageing.
<b>CPA</b>	Certified Practising Accountant.
<b>CSO</b>	Community Service Obligations. Those obligations to the community that the ACT Government purchases from the Public Trustee.
<b>EPA</b>	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.
<b>ESD</b>	Ecologically Sustainable Development.
<b>FMA</b>	<i>Financial Management Act 1996.</i>
<b>FTE</b>	Full time equivalent.
<b>GFC</b>	Global Financial Crisis.
<b>GST</b>	An indirect broad based consumption tax built into the price of specified goods and services and collected at point of sale.
<b>JACS</b>	Justice and Community Safety Directorate.
<b>JACS IM/ICT</b>	JACS committee for information management and information and communication technology
<b>JACSCOM</b>	JACS Communication. A representative forum for JACS Directorate executives and statutory office-holders.
<b>MACA</b>	Ministerial Advisory Council on Ageing.
<b>MOU</b>	Memorandum of Understanding.
<b>OH&amp;S</b>	Occupational Health and Safety.
<b>PTACT</b>	Public Trustee for the Australian Capital Territory.
<b>QA</b>	Quality Assurance.
<b>SOG</b>	Senior Officer Grade (Classification).
<b>SOHO</b>	Statutory Office-Holders. A representative forum comprising JACS statutory office holders.
<b>TACT</b>	Trust Accounting (System)
<b>TCA</b>	Trustee Corporations of Australia Inc.

## GLOSSARY OF TECHNICAL TERMS

<b>Attorney</b>	A person appointed by another to act in his or her place or represent them.
<b>Common Fund</b>	A fund held by more than one person to enable a greater return on the shared investment.
<b>Criminal Assets</b>	Items of value obtained by illegal or criminal acts, forfeited under the <i>Confiscation of Criminal Assets Act 2003</i> .
<b>CSO</b>	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.
<b>Current Ratio</b>	The ratio of current assets to current liabilities.
<b>Enduring Power of Attorney</b>	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.
<b>Estate</b>	The sum of the transmittable assets less the liabilities of a person, especially of a deceased, a bankrupt or beneficiary.
<b>Executor</b>	The person or company appointed by a Will to administer an estate in accordance with the terms.
<b>Financial Manager</b>	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.
<b>Funds Manager</b>	A person or organisation responsible for investing moneys on behalf of another.
<b>Goods and Services Tax</b>	An indirect broad based consumption tax built into the price of specified goods and services and collected at point of sale.

<b>Guardian</b>	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).
<b>Investment Strategy</b>	A plan distributing assets amongst various investments for future financial return or benefit.
<b>Liquidity</b>	Available cash or the capacity to obtain it on demand.
<b>Long Term Liability</b>	Payment not required within 12 months or liabilities not classified as current.
<b>Manager</b>	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).
<b>Minor</b>	A person under the age of legal majority ie under 18 yrs.
<b>Procurement</b>	Acquisition of good, services and works by Territory entities.
<b>Prudent Person Principle</b>	A legal rule requiring investment advisers to only make investments for their clients' discretionary accounts that a "prudent person" would make.
<b>Public Interest Disclosure</b>	A report made under "whistleblower" legislation under which a person may confidentially report any corrupt, illegal or fraudulent acts in the public sector.
<b>PT Investment Board</b>	A board established under S.47 of the <i>Public Trustee Act 1985</i> to advise the Public Trustee on investment and related matters.
<b>Risk Profile</b>	An individual's sensitivity to volatility of investments.
<b>Statement of Intent</b>	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.
<b>Sustained Asset Base</b>	Ability to sustain asset base indicated by changes in net assets.
<b>Trustee</b>	A person who holds property in trust for another.
<b>Unclaimed Moneys</b>	Moneys surrendered to the Public Trustee on behalf of the Territory under the <i>Unclaimed Moneys Act 1950</i> .
<b>Will</b>	A written statement made by an individual, which provides for the disposition of property upon death.
<b>Workplace Diversity</b>	The bringing together of different races, genders, cultures, abilities, ages, sexual orientations, family structures, lifestyles & experienced backgrounds in the workplace.













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