



**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

# ANNUAL REPORT 2011 – 2012







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**ANNUAL REPORT**  
**2011-2012**

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### TRANSLATING AND INTERPRETING SERVICE

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## TRANSMITTAL CERTIFICATE



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

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7 August 2012

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 2012.

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 2011 to 30 June 2012 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**

**WILLS • ESTATES • FINANCIAL MANAGEMENT SERVICES • TRUSTS**

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## CHIEF EXECUTIVE'S RETROSPECTIVE 2011-12

The Public Trustee for the ACT (PTACT) once again enjoyed a year of positive performance. Whilst financial performance is vital, given PTACT's status as a self-funding Territory Authority, of equal or greater importance is the value of services delivered to the community. Accordingly, this report deals with both aspects of PTACT's business over the past 12 months.

Performance during the past year is required to be measured in accordance with directions made under the *Annual Reports (Government Agencies Act 2004 (Annual Report Directions) 2012)*. These Directions do not always measure the quality and extent of services provided.

PTACT provides services at difficult times in people's lives.....upon death, loss of capacity, through disability, ill health or other misfortune. Our appointment as an executor, trustee or financial manager may be seen as an intrusion into personal or family affairs. It is an accepted part of our responsibilities that our services are often delivered in less than ideal circumstances which have no correlation with traditional measures of efficiency and that the nature of what we do does not always bring appreciation or understanding. It is also noteworthy that, whilst the volume of outputs has marginally increased, the complexity of individual matters has increased significantly.

Our main goal is to deliver on our Community Service Obligations (CSOs) as well as our commercial services, earning sufficient return to fund our outgoings. A well-established definition of a CSO is "a government requirement to produce products or services to community groups at less price than the cost of supplying them." Funding for CSO's may be made in accordance with a variety of models and Government has elected to fund PTACT's CSO's by way of direct funding, achieved through an annually indexed CSO payment of \$459,000. An additional amount of \$223,000 is paid in respect to compulsory insurance and IT infrastructure. It is useful to note that PTACT subsidises the cost of its CSOs by approximately 3 to 1.

It has been a strategic aim that PTACT achieves financial self-sufficiency consistent with that of other Australian Public Trustees. In order to do this it is clearly necessary to achieve sufficient dividend to government at the end of each year not only to repay the cost of CSO's, but also to repay the funding component for insurance and IT. The last two financial years have all but achieved that.

The ACT Legislative Assembly's Select Committee on Estimates 2012-13 asked the Attorney General (as responsible Minister for PTACT) -

*"....the Public Trustee has achieved its goal of not needing to rely on government budget funding, with results substantially exceeding government funding.*

*(a) Will the Public Trustee be proposing to the government that it no longer needs to provide budget funding, but continue to pay a tax equivalent (dividend) on surpluses? If no, why?"*

An advantage of the direct funding model is that the cost of redistribution of income is, and should continue to be, spread over all taxpayers in addition to the users of particular goods and services. Another advantage offered by the direct funding model is the potential for annual budget review and public scrutiny.

Whilst PTACT's expenses are controlled, its income is not as easily predictable, given the wild fluctuations in financial markets recently experienced. However, full financial independence is seen as a prudent strategic aim for PTACT, the community and government. Even if PTACT were to achieve its aim of financial independence on a consistent basis through business development to increase revenue, it would not be appropriate to review the funding arrangement with ACT Treasury as PTACT's costs would then be uniquely borne by the users of PTACT's services and not part-subsidised by the community as a whole.

I am pleased to report that PTACT has delivered on the goals described above. PTACT continued to fund the cost of its CSOs over and above the Government's subsidy. Revenue was \$5,249,994, an improvement of 4.85% on 2010-11 delivering a surplus of \$754,034 and a dividend to government of \$377,017. In doing so, PTACT absorbed the increased cost of CSOs, a spike in staff expenses through maternity leave, an enterprise-wide wage increase as well as investing in a number of strategic initiatives.

The welcome return to growth in the last two years is attributable in part to the prudent yet effective nature of PTACT's investment strategy.

From a community perspective, as Canberra's cohort of older persons increases, so will the number of people unable to manage their financial affairs. This will significantly impact upon PTACT's CSOs as well as its commercial undertakings. Given the constraints of our financial model, it is vital that PTACT is well-positioned financially to cope with the expected increases in demand for services.

*"....as Canberra's cohort of older persons increases, so will the number of people unable to manage their financial affairs."*

Despite extensive marketing, there remains some misunderstanding in the community about who we are and what we do. Whilst this is largely an offshoot of our traditional name, we have worked consistently to educate the community about PTACT's products and services. In the past 5-10 years, PTACT has become better recognised through its re-branding, re-location, community engagement and marketing program. This year, for the first time, PTACT used radio advertising to promote and market its services.

PTACT celebrated its first Wills Week from 24-28 October in 2011 and we acknowledge the assistance of other Australian Public Trustees. Wills Week is about raising awareness in the community of the importance for all Canberrans with capacity and over 18 years to have an Enduring Power of Attorney and a valid Will, and to update them regularly. Wills increased by 7.8% from 653 in 2010-2011 to 704 in 2011-2012, consistent with more effective promotion and marketing.

Another excellent marketing opportunity was provided by Canberra Connect, providing PTACT with an opportunity to broadcast video loops to waiting clients at the four ACT Shopfronts covering some 500,000 visits annually.

We proudly supported our community during 2011-12 through sponsorship of Life's Reflections, the Multicultural Festival, Canberra's Retirement and Lifestyle Expo, Workplace Giving as well as the conduct of seminars during Seniors Week and Wills Week.

PTACT now manages the financial affairs of approximately 500 clients enabling persons with decision-making disability to live quality lives with a level of dignity. In cases where PTACT is not appointed as financial manager, we examine accounts maintained for 425 persons with such a disability to protect their rights, their assets and to guard against conflict of interest by their managers.

The review of PTACT's Investment Strategy in February 2012 was timely, given the effect of the GFC on world markets and the emergence of risk management as a priority. The recommendations contained in the review have been implemented resulting in a clear articulation of PTACT's investment plan for the next five years.

*"The review of PTACT's investment strategy.....was timely... resulting in a clear articulation of PTACT's investment plan for the next five years."*

Other strategic initiatives during the past year include -

- investment in a number of new IT initiatives;
- identification and pursuit of a number of areas of potential growth; and
- new and important fund initiatives in GreaterGood.

In March 2012, PTACT farewelled Roger Broughton, a long standing and valued member of the PTACT Investment Board, and welcomed the appointment of Patrick McAuliffe in his place.

GreaterGood - Canberra's charitable foundation is a significant expression of our community engagement. Established in 2003, the GreaterGood corpus was \$9,417,575.29 at 30 June 2012 and inches closer to the \$10 Million mark. With the maturing of GreaterGood, a review of the administrative/governance structure was completed and a new smaller board of seven was appointed in late 2011. I sincerely thank members of the outgoing board for their significant contribution to this highly valued community initiative. GreaterGood will distribute in the order of \$325K to charity during 2012 bringing the total of all distributions to \$1.86 Million. It was an honour to GreaterGood that our Board Chair Dr Chris Peters AM OI was awarded 2012 Canberra Citizen of the Year in place of outgoing 2011 Canberra Citizen of the Year, Maureen Cane, also a GreaterGood Board member.

*"the GreaterGood corpus inches closer to the \$10 Million mark."*

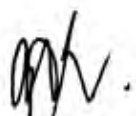
PTACT contributed to a number of legislative reviews during the reported year including ACT Powers of Attorney Act, Unclaimed Moneys Act and Confiscation of Criminal Assets Act. On a national front, PTACT worked with other Trustee industry members and the Australian Guardianship and Administration Council to provide advice on the proposed National Disability Insurance Scheme, the National Charities Not-for-Profit Commission and the Personally Controlled Electronic Health Record System initiative.

PTACT is active in the JACS Directorate and during the reported year, the Public Trustee undertook the role of Executive Sponsor for the Respect Equity and Diversity (RED) framework and acted as a member of the working group and ambassador for the JACS Reconciliation Action Plan (RAP). I am pleased to report that JACS has appointed RED Contact Officers in all JACS agencies and Cross-Cultural Awareness and Bullying and Harassment Awareness training has also been rolled out to all employees. PTACT also provided sponsorship towards the launch of the JACS RAP. The Public Trustee held a position on the board of Trustees of the National Travel Compensation Fund and during the year PTACT joined the Financial Services Council (FSC).

*"Our staff members embrace the new ACT Public Service values and signature behaviours of respect, integrity, collaboration and innovation."*

Our staff members embrace the new ACT Public Service values and signature behaviours of respect, integrity, collaboration and innovation. Their dedication to their work and to their clients during 2011-12 reflects an alignment with PTACT's values both corporately and in the way they go about their work. It was pleasing that four Public Trustee staff members received recognition in the inaugural JACS Director-General's Awards in 2012. I acknowledge the people that help to make our work possible including the JACS Director-General - Kathy Leigh, JACS Deputy Director-General - Alison Playford, JACS staff, members of the PTACT Investment Board, members of the current and outgoing GreaterGood boards as well as independent Internal Audit Committee Chair - Corinne Appleby.

In 2012-13 we will explore new areas of business commensurate with our core responsibilities in the interests of self-sufficiency. We commit to a continuing high level of service and value in all that we do. We look forward to a further year of growth and service to the community in 2012-13 building upon the success of the past two years.



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

PTACT is an independent statutory office 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.

Our services include -

- Will preparation services 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/investment for government and non-government trusts.
- Asset management under the *Confiscation of Criminal Assets Act 2003*.
- Managing specified unclaimed moneys.
- Examination of accounts prepared by private financial managers appointed by ACAT.
- Administration of GreaterGood - The Capital Region Community Foundation.

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

By establishing an agency that promotes and provides accessible and trusted trustee services, 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 is a values-based organisation and our corporate values are applied to all of our touch points. We strive to deliver value through our shared ACT Public Service signature values of respect, integrity, collaboration and innovation and to consistently exceed client expectations.

## OUR STRUCTURE

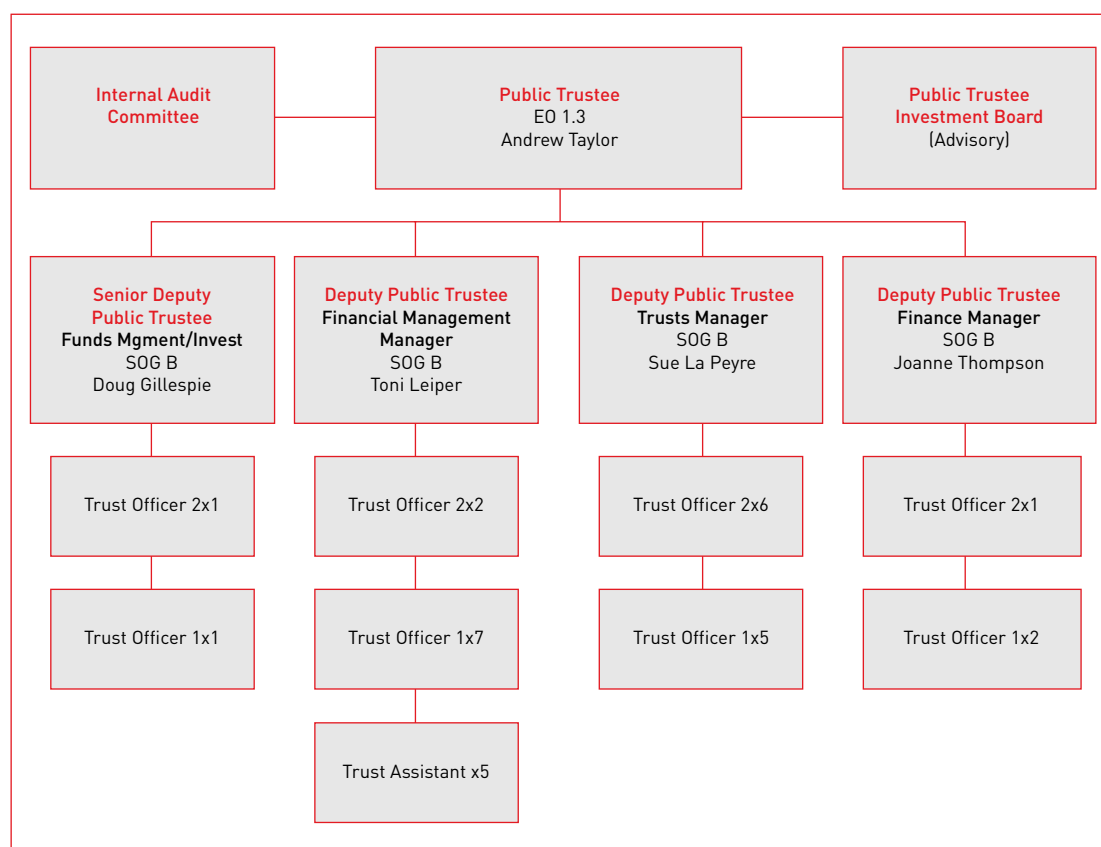
PTACT has one centrally located office conveniently located in the City Centre. Each of our four business units is headed by a Deputy Public Trustee who, together with the Public Trustee, form a Management Committee.

The Public Trustee Investment Board established under the Public Trustee Act 1985 provides investment advice to the Public Trustee. The Board is headed by the Public Trustee as Senior Member together with four external advisors.

PTACT's Audit Committee comprises a number of business unit representatives under the guidance of external Chair, Ms Corinne Appleby.

PTACT has a financial connection to ACT Treasury and 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 represents a broad cross-section of the ACT community, comprising vulnerable people needing a trusted long-term representative as well as people needing Will drafting, Enduring Power of Attorney and Estate/Trust administration services. PTACT also provides fund management services to government and the community.

Through GreaterGood, we aim to “Link Good People with Good Causes” and accordingly we engage with philanthropists as well as charitable organisations.

## OUR STAKEHOLDERS

Our stakeholders have both representative and educative expectations of us. Principal stakeholders include the ACT Attorney General, the ACT Treasurer, the JACS Director-General and the ACT community.

We work collaboratively with the Public Advocate of the ACT and the ACT Civil and Administrative Tribunal (ACAT) in providing services to persons in the community with impaired decision-making disability. A senior PTACT representative attends ACAT hearings under the *Guardianship and Management of Property Act 1991* on a weekly basis.

PTACT works closely with non-government agencies committed to achieving outcomes for intellectually disabled persons to ensure the best result for our clients.

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

## A.2 OVERVIEW

### HOW WE PERFORMED IN SUMMARY

The performance of PTACT’s Common Funds is discussed more fully under “Funds Management” in Section A.9 of this report.

PTACT’s 2011-12 Business Plan identified Key Result Areas and Strategic Priorities.

The year continues the upward trend recorded in 2010-11 recording an increase in Total Revenue of 4.85% or \$5,249,994 for the year with an operating surplus of \$754,034 and a dividend of paid to ACT Treasury of \$377,017. PTACT’s expenses were \$562,960 above estimate and \$665,380 above expenses for 2010-11. The increase in expenses resulted from three staff on maternity leave and funding of a Project Officer position.

In summary -

#### Wills

The number of Wills drafted in 2011-12 was 704, an increase of 7.8% from 653 in 2010-11. Whilst Wills are a loss leader, they are an important contributor to, and indicator of, potential future estate business as PTACT only prepares Wills where appointed as executor.



### Estates

A total of 108 estate administrations was completed compared to 101 in the previous year. The value and complexity of estates however is increasing.

### Trusts

The number of trusts administered remains steady at 417.

### GreaterGood

Assets invested in GreaterGood for community benefit increased from \$7.93M at the end of 2010-11 to \$9.4M at 30 June 2012. It is expected that the corpus will reach \$10M by the end of 2012.

### Projects

PTACT budgeted to commence/complete a number of IT projects during the year aimed at improving efficiency and containing future costs.

At 30 June the following projects were either completed or commenced -

→ Precedent Management System	Completed
→ Unclaimed Money System	Scope and analysis completed
→ Electronic Document & Records M'gment System	Under implementation
→ Tax file numbers - capture	Completed
→ Canberra Connect video loop/PTACT Reception	Completed
→ TACTICS module for TACT business system	Completed
→ Auto Share Update System	Completed
→ Chameleon update and EPA module	Part completed
→ Sharepoint Intranet	Completed
→ Continuous Improvement Group	Implemented
→ Upgrade PTACT switchboard software	Completed

## **OUR PLANNING FRAMEWORK AND DIRECTION SETTING**

As an independent statutory authority, PTACT has a unique accountability framework reporting administratively to the JACS Director-General and financially accountable to the Treasury Directorate. PTACT's Business Plan accords with the JACS Strategic Plan 2012-17 and a Statement of Intent is agreed with the ACT Treasurer. The Public Trustee also negotiates a MOU with the JACS Directorate.

PTACT's Management Committee consists of the Public Trustee and Deputy Public Trustees representing all business units and is responsible for management and

planning. PTACT's Personal Achievement and Development Plans are closely aligned with Business Plan strategies and set the direction for our learning and development program.

The *Financial Management Act 1996* requires that Territory authorities without a governing board must sign a Statement of Intent with their responsible Minister, in this case the ACT Treasurer. The Statement of Intent is an expression of PTACT's budgetary intent and strategic direction for the fiscal year ahead and ensures that both parties understand and agree to the same terms of the agreement.

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

The Public Trustee Investment Board is responsible for overseeing investment strategy as well as establishing and varying policy in respect to funds management.

As trustee for GreaterGood, the Public Trustee is responsible for the strategic direction of the foundation. In mid-2011, a restructure of the Foundation was completed with a revised board of seven appointed. The Board and Trustee have reviewed the Foundation's direction and have agreed upon a number of strategic initiatives for the forthcoming year.

## OUR ORGANISATIONAL ENVIRONMENT

The Public Trustee has responsibilities of an independent statutory officer and of a Chief Executive of a Territory Authority. In that sense, the Public Trustee is solely responsible for the governance and is advised by a statutory Investment Board in respect to investment/fund management matters.

The Public Trustee reports directly to the JACS Director-General and has responsibilities to the Treasury Directorate, however in respect to trust matters, is a corporation sole and independent statutory body.

PTACT does not have the organisational issues of larger Public Trustees however, given the ACT's 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 JACS Directorate agencies and works closely with the Directorate on matters of common interest including guardianship, judicial, legislative reform, trust administration and funds management and investment. In respect to statutory trust activities however, the Public Trustee has autonomy and independence. A Memorandum of Understanding is being drafted between PTACT and the JACS Directorate establishing an understanding and expectation in relation to the financial and corporate arrangements between the two entities.

In the broader sense, our organisational environment is tied to the broader community. We provide direct services to all members in the community in particular those for whom we provide financial management services and those wishing to make their Will and Enduring Power of Attorney with an independent professional.

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

Apart from expected changes to board membership, PTACT has not experienced any significant organisational change during 2011-12.

## 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 Public Trustee are listed at Section B.4 of this report. The Public Trustee has no regulatory role.

## SUBSIDIARIES, JOINT VENTURES AND PARTNERSHIPS

PTACT has no subsidiaries, joint ventures or partnerships.

## A.3 HIGHLIGHTS

### OPERATIONAL ACHIEVEMENTS

The following operational achievements reflect 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 continued to recover in 2011-12.

Highlights for the reported year are as follows -

- Revenue was \$5,249,994, an improvement of 4.85% on 2010-11 delivering a surplus of \$754,034 and a dividend to government of \$377,017.
- Funds under Management increased from \$274.36M to \$282.37M, an increase of 2.92% from 2010-11.
- Conducted inaugural Wills Week in October 2011.
- Radio advertising and video loop in Canberra Connect Shopfronts
- Conducted a 5-yearly independent review of PTACT's Investment Strategy.
- GreaterGood assets increased from \$7.93M to \$9.4M.

- GreaterGood distributions to charity increased to \$1.86M since establishment.
- Reduced Will drafting time to one visit with appointments from 7.30am.
- Signed collaborative agreement with Australian Public Trustees and University of QLD to commence four year study into Australian contemporary Will making patterns.
- Appointed re-structured board of seven members to GreaterGood.
- Legislation changed to permit certified copy of Will to be submitted to Court.
- GreaterGood website supplemented with a Facebook social media site.

## MAJOR CHALLENGES FACING THE PUBLIC TRUSTEE

Public Trustees seek to educate and inform all Australians with legal capacity about the importance of having an up to date Will and Enduring Power of Attorney. Public Trustees are lead agencies in preparing and executing Wills and in public education around estate planning, providing significant benefit to the Australian community.

Public Trustees share a concern at the relatively low number of people in the community making Wills before their senior years. PTACT has collaborated with all Australian Public Trustees, The Victoria University and the Queensland University of Technology in the development of an Australian Research Council Linkage grant application to develop and explore prevalence, patterns, practices and principles used in making and contesting Wills and distributing assets. Having systematic data will provide a strong foundation for developing innovative service models, law reform and targeted public education campaigns.

The project was approved to commence in July 2011 under the ARC Linkage Projects scheme. The scheme is integral to the Australian Government's innovation agenda '*Innovation to move Australia Forward*', which supports increased collaboration between public researchers and private industry. PTACT has committed \$2,000 pa for three years toward the project under a joint funding agreement with Australian Public Trustees and the federal Government.

An ongoing challenge is to continue to develop PTACT as a viable self-funding enterprise capable of supporting its core commercial activities and subsidising the increasing cost of CSOs. PTACT has developed short, medium and longer term strategies designed to achieve that aim. In the short term, a strong, targeted marketing and public education program will assist us to promote our services in the community. This is being achieved through effective media advertising, editorials, seminars and through a video loop in Canberra Connect Shopfronts. In the medium term, we are reviewing our products and capability aimed at responding to client needs and demands. This is being achieved through a comprehensive review of PTACT's investment strategy, the development of a superannuation product appropriate to client needs and the harnessing of new technologies (eg a document imaging system) aimed at containing future costs. In the longer term, we are developing important community assets such as GreaterGood, participating in the national dialogue around the proposed

National Disability Insurance Scheme as well as projects such as the ARC Linkage project described above.

Once again, Canberra's ageing population presents both opportunities and challenges in the areas of Will-making, estate planning and administration as well as Financial Management for persons with a decision making disability. PTACT is keen to ensure that it is at the forefront in succession and estate planning for this growing part of the 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

Our future priorities relate to -

#### Staff

A major strategic priority is to ensure that PTACT has the staff to achieve its corporate goals. Given our unique niche in government it is vital that they are appropriately skilled, industry qualified and united as a team. A number of our long-standing senior staff are close to retirement and a priority is to ensure appropriate succession planning.

#### Technology and Systems

PTACT must take advantage of appropriate technology and systems. An emerging issue from records management, accessibility, resource efficient, space-saving and security perspectives is the need to implement an electronic document records management system (EDRMS). In this way, the roles of G-drives and paper files will be satisfied by one electronic system compliant with the *Territory Records Act 2002*. During the year PTACT upgraded the database management system for its principal business system TACT. A new data management tool TACTICS was acquired and work commenced on a new Unclaimed Money system and the EDRMS.

#### Reputation

It is vital that PTACT projects a respected, trusted and reliable reputation in the community. The prime means of achieving that is by excelling in all that we do and through a concerted marketing program.

### Client Focus

PTACT is an entirely client-driven organisation. We aim to be a continually improving organisation and integral to that is listening to the client, whether good or bad, and responding positively. Access to our services is vital given our ageing population and issues like accessible parking, Will appointments from 7.30am and home visits are fundamental to that. Online services will also be a focus, in particular, for unclaimed money claimants. We strive to improve our response times whether it be responding to correspondence or administering an estate. We also pledge to respond to complaints immediately and positively, seeking to redress any client loss or inconvenience.

### Value

PTACT is a not-for-profit organisation and accordingly, the focus is on value not profits. We continually review fees charged in accordance with a value proposition to ensure that we deliver value.

### Workplace

An ongoing priority is to continually develop the Public Trustee workplace to incorporate a safe and healthy environment, free of discrimination and respectful for the needs of one another and of our clients.

### Environment

We seek to be influential in the whole of government and JACS environments. We aim to influence the provision of trustee services by Public Trustees nationally and to contribute to national standards and the development of the Public Trustee branding. We also seek to influence national debate through our membership of key organisations the Financial Services Council (FSC), the Australian Guardianship and Administration Council (AGAC) and Philanthropy Australia.

## **TRENDS AND FORECAST CHANGES IN OUR OPERATING ENVIRONMENT**

### Unclaimed money

During the reported year the first stage of a review of the *Unclaimed Money Act 1950* was implemented addressing -

- Privacy aspects of the legislation and register
- Online register re-structure to address privacy concerns
- Amendment of the Act to facilitate a re-developed register and online claims process
- Proposal of a comprehensive review of the Act.

Incidental to this process, the Public Trustee will seek to assume administration for all Territory unclaimed moneys under one single register with one public online claims process.

### Document Management System

PTACT has established an EDRMS to accommodate its increasing records management and to satisfy the requirements of the *Territory Records Act 2002*.

### Precedent Letter Database

A Precedent Letter Database (PLD) designed to manage its significant correspondence needs was implemented in 2012. The system comprises an information database from which data required to create letters and statutory forms will be generated as required. The system will reduce the operational and administrative burden associated with the preparation of correspondence across business units.

### Superannuation package

Australian Public Trustees have made progress towards the development of a superannuation package for 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 well 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 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 must addressed through a strong attraction, training/development and retention policy and the maintenance of an excellent workplace. PTACT will continue to focus on Workplace Health and Safety and the treatment of all identified risks and rigid application of staff safety and protection measures. Competition with the private sector for appropriately skilled staff adds to cost pressures.

### → **Statutory compliance.**

Failure to comply with legislation, policy and procedure poses a strong potential risk to PTACT and is addressed by quality assurance, training/mentoring and workflow-based systems.

### → **Potential for fraud.**

The potential for fraud and corruption both internal and external is mitigated by PTACT's Fraud, Risk & Corruption Management Plan, reviewed annually as

well as by external reviews and audits. PTACT is cooperating with other Public Trustees in the development of a 'Fraud Ready' Plan.

→ **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 and a diligent and prudent approach to the review of investment arrangements including fund managers is necessary.

## A.5 MANAGEMENT DISCUSSION AND ANALYSIS

### OBJECTIVES

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

PTACTs corporate objectives cover the following key areas -

- Market standing - commercial market share, customer satisfaction, breadth and quality of services.
- Innovation - capacity to develop and market new services and to harness new technology.
- Productivity - optimised use of resources and a focus on core activities.
- Physical and financial resources - effective use and deployment.
- Profitability - return on investment and the level of surplus achieved.
- Management - achieve all of corporate objectives and goals and is respected by staff.
- Employees - quality of staff, degree of engagement, level of respect for client.
- Public Responsibility - statutory compliance, levels of social and ethical behavior.

### RISK MANAGEMENT

PTACT's Fraud, Corruption and Risk Management Plan addresses government requirements for risk assessment and mitigation. The plan risk covers investment, financial, operational and administrative responsibilities as well as workplace health and safety.

In February 2012, PTACT's investment/funds management asset/markets consultant PricewaterhouseCoopers tabled its report following a review of the Public Trustee's Investment strategy and risk management. The report found that PTACT's investment strategy was appropriate for the circumstances of its clients stating "We believe



that the Total Return and Risk of Loss investment objectives are realistic, attainable and appropriate.” The report also found that “the strategic asset allocations of the existing PTACT portfolios be retained for the Income Stable, Balanced and Growth Risk portfolios.” The report made a number of recommendations in respect to investment horizons and income return objectives which were implemented under the supervision of the PTACT Investment Board and Internal Audit Committee.

The Fraud, Corruption and Risk, and Workplace Health & Safety management plans were reviewed during the year and are ACT Government compliant.

## REVENUE

Revenue figures are based upon actual figures to 30 June 2012, the audited Financial Report for 2011-12 and 2011-12 budget estimates contained in the 2011-12 Budget Paper 4.

Operating surplus for the year ended 30 June 2012 was \$754,034, an increase of \$384,034 on the 2011-12 budget estimate of \$370,000 and a decrease of \$422,518 over the previous year.

PTACT’s trading surplus resulted principally from an increase in operating revenue due to an upturn in the investment market, together with higher than anticipated commission and management fees being received.

Revenue for the period ending 30 June 2012 was \$5,249,994. This is \$946,994 higher than the 2011-12 budget estimate of \$4,303,000 and an increase of \$242,862 compared to the 2010-11 year. PTACT derived 82% of its revenue from fees and charges relating to the provision of trustee services.

## 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.

Expenses for the period ending 30 June 2012 were \$4,495,960 of which \$3,442,335 or 76% were employee-related (including superannuation). Total expenses were \$562,960 higher than the 2011-12 budget estimate of \$3,933,000 for the corresponding period. By comparison, actual expenses for the previous year were \$3,830,580.

The fluctuation in expenses was due to increases in staff numbers, depreciation due to a revaluation of office fitout at 30 June 2011 and general expenses related to increased workloads. It is anticipated that employee expenses will increase in future years due to changes in wage conditions, the employment of professional staff to cope with the changing complexity of workloads and the continually increasing client base. It is also anticipated that supplies and service expenses will increase.

A number of issues related to the fit out of PTACT’s extended premises were addressed including extra workstations and signage as per landlord’s specification.

## PUBLIC TRUSTEE FINANCIAL POSITION

Key indicators of the health of PTACT'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 2012.

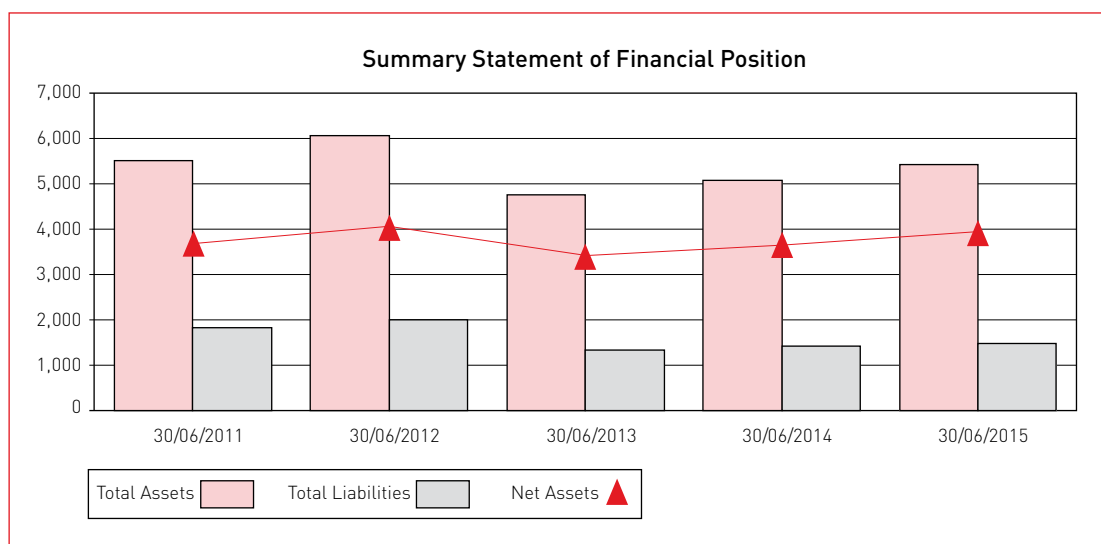
PTACT reported a total asset base of \$6,056,491 of which \$4,800,000 is invested in term deposits with various financial institutions and \$364,305 is held in demand deposit cash accounts for ongoing expenses. The balance of assets of \$872,186 is made up of receivables of \$266,726, prepayments of \$29,860 and plant and equipment of \$575,600. Total assets are \$1,525,491 higher than the budget estimate of \$4,531,000. 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 2012.

## SUSTAINED ASSET BASE

The ability of PTACT to sustain its asset base is indicated by changes in net assets. The graph below reflects illustrates that the Public Trustee's ability to maintain its strong net asset position is due to the increased level of funds under management.

The graph below reflects audited figures as at 30 June 2011, actuals to 30 June 2012 and estimated outcomes as shown in Budget paper 4 of 2011-12.

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



## LIQUIDITY

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

## 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>	3693	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	1 344
<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 2012 is 3.07 to 1, lower than the budgeted current ratio at 30 June 2012 of 3.68. to 1. The Public Trustee anticipates current assets to remain relatively stable and will maintain a strong level of liquidity."

## LIABILITIES

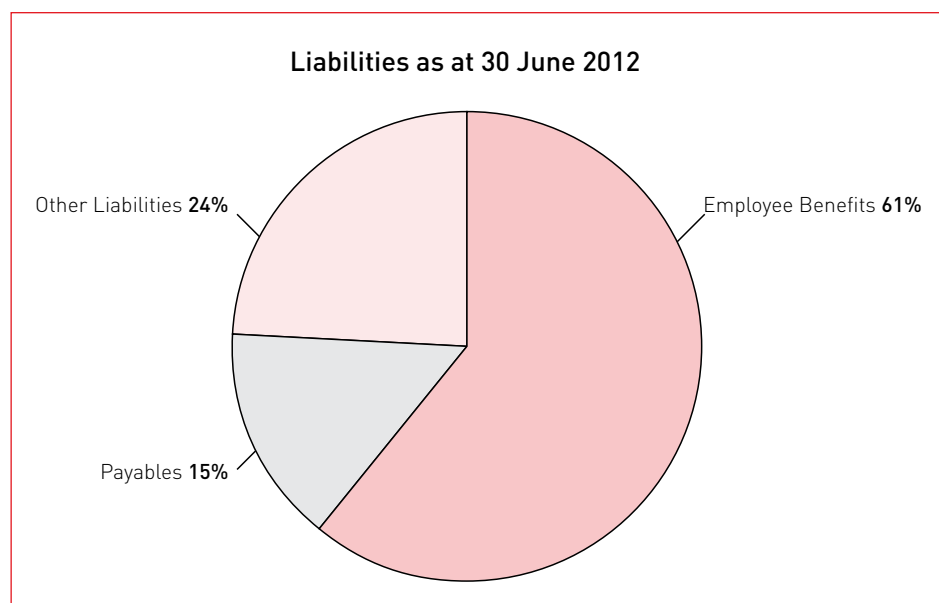
Total liabilities for the period ending 30 June 2012 were \$1,993,850. This balance is \$685,850 higher than the 2010-11 budgeted figure of \$1,308,000 and higher than the actual balance as at 30 June 2011 by \$154,402.

The main fluctuation in liabilities, compared to budget, is an increase in Employee Benefits due to -

- an increase in staff numbers due to maternity leave and a temporary position of Project Officer;
- impact of the discount rate on the long service leave provision;

and an increase in Other Liabilities due to -

- an increase in the provision for make-good dues to changes in reporting methods.



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 2012 as indicated in Table 2 is 2.74 to 1. The ratio of 2.74 to 1 is an decrease from 3.21 to 1 at 30 June 2011. This shows that the liquidity of the Public Trustee is adequate.

#### Financial Assets to Total Liabilities Ratio

	PRIOR YEAR ACTUAL \$'000 2009-10	CURRENT YEAR BUDGET \$'00 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

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.

## A.6 FINANCIAL REPORT

The Financial Statements and Auditor-General's Reports for all four audited 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

There is a clear expectation that PTACT will cross-subsidise the cost of CSOs through its commercial undertakings. PTACT seeks to achieve this in the context of its strategic aim to be self-funding.

PTACT's historical financial indicators reflect a steady development in financial performance -

## PTACT HISTORICAL FINANCIAL PERFORMANCE

	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
<b>APPROP</b>	\$706,000	\$589,000	\$598,000	\$605,000	\$613,000	\$631,000	\$643,000	\$655,000	\$669,000	\$682,000
<b>TOT INCOME</b>	\$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	\$5,249,994
<b>EXPEND.</b>	\$2,164,070	\$2,392,938	\$2,493,284	\$2,712,792	\$3,083,142	\$3,408,548	\$3,799,612	\$3,896,000	\$3,830,580	\$4,495,960
<b>RESULT</b>	\$343,141	-\$47,512	\$266,536	\$499,779	\$947,539	\$571,557	-\$117,514	-\$87,276	\$1,176,552	\$754,034
<b>DIVIDEND</b>	\$171,570	Nil	\$133,268	\$199,889	\$473,769	\$285,778	Nil	Nil	\$588,276	\$377,017
<b>STAFF (FTE)</b>	27.58	26	27	29.6	31.6	32	34	34	38	39

### 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
2010-11	PTACT recorded its best ever financial result and highest dividend
2011-12	PTACT recorded its highest ever revenue
2011-12	PTACT had three FTE staff on maternity leave and carried a temporary position of Project Officer

## PTACT - HISTORICAL BUSINESS ACTIVITY

INDICATOR	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Financial Management Orders	358	369	397	411	435	442	432	458	472	481
Active Enduring Power of Attorney	108	95	95	88	77	69	68	67	61	56
Deceased Estates Admin ← \$100,000	70	48	77	62	55	35	37	38	40	40
Deceased Estates Admin → \$100,000	36	31	35	51	41	40	33	63	68	68
Examinations of accounts	254	265	246	276	261	243	318	370	440	425
Trusts ← \$100,000	562	561	522	491	452	442	417	399	374	368
Trusts → \$100,000	30	23	31	33	31	34	30	39	50	49
Wills	617	584	678	626	644	691	724	730	636	704

## NOTES

1. Financial Management Orders - steady rise
2. Active EPA - change in legislation in 2006 PTACT can now only act as financial attorney
3. Deceased estates ←\$100K - Lower value estates dropping off as asset values increase
4. Deceased estates →\$100K - Higher value estates increasing as asset values increase
5. Examination of accounts - this correlates with Financial Management orders
6. Trusts ←\$100K - PTACT is default trustee - significant work with minimal cost recovery
7. Trusts →\$100K - PTACT is more competitive.

## A.9 ANALYSIS OF AGENCY PERFORMANCE

2011-12 has been another year of strong recovery and growth after two years with markets continuing to return steadily. A significant indicator is the increase in revenue over and above estimate.

Our performance in brief is as follows -

- Our operating surplus for the year ended 30 June 2012 was \$754,034, a decrease of \$384,034 on the 2011-12 budget estimate of \$370,000 for the same period, and a decrease of \$422,518 over the previous year. The strong return of revenue relates to increased value of estates and higher commissions on income and capital. Financial performance also has a strong link to PTACT's marketing program which has seen PTACT's business steadily increasing since the GFC.
- Expenses were \$562,960 higher than budget estimate of \$3,933,000.
- Funds under Management increased by 2.92% from \$274.36M to \$282.37M.
- Wills up by 7.8%.
- 108 estates completed at a value of \$49,960,987.73.
- Money held in Government Trust funds was \$163,947,127 compared to \$147.21M in 2010-11.
- GreaterGood assets increased from \$6.28M to \$9.4M.
- 94% of customers surveyed stated that PTACT met or exceeded their expectations.

### FUNDS MANAGEMENT

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

At 30 June 2012, PTACT had funds under management of \$282.37M, an increase of 2.92% from \$274.36M.

Client moneys are generally invested through PTACT's common funds in accordance with the "prudent person investment principle" established by the *Trustee Act 1925*. This enables PTACT to offer tailored investment portfolios giving clients potential for a mix of capital growth, income returns and tax effectiveness.

Client (non-government) moneys held in these funds increased from \$122M in 2010-11 to \$136M in 2011-12. Generally this resulted from an increase in the value of client assets under administration.

## Common Funds

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 2012, the interest rate was 4.5% (down from 5.00% at 30 June 2011) and the fund size was \$68.05M, a marginal change from the fund size at 30 June 2011. Whilst fluctuations are a normal and expected occurrence, the cash rate was reduced throughout the year as a result of rate cuts made by the Reserve Bank of Australia, however PTACT held sufficient long-term bank securities that postponed the passing on of these rate cuts to clients.

### Australian Equities Common Fund

An externally managed portfolio of Australian stocks. Funds under investment total \$23.41M, down from \$24.8M at 30 June 2012.

### International Equities Common Fund

An externally managed portfolio of non-Australian stocks. At 30 June 2012, \$9.46M 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 2012 were \$21.16M compared to \$21.6M at 30 June 2011.

### 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 2012 were \$4.79M compared to \$4.9M at 30 June 2011.

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



## Comparative Funds Performance

FUND PERFORMANCE	3 MTHS	6 MTHS	1 YR	3 YRS	5 YRS	7 YRS
Cash Common Fund	1.08	2.09	3.82	5.11	5.08	4.93
Australian Equities C/Fund	-12.84	-13.45	10.55	-8.38	3.83	8.85
Fixed Interest C/Fund	5.32	6.67	6.87	6.78	5.31	4.93
Listed Property Trusts C/Fund	-2.41	-1.79	18.13	-24.52	-9.82	-2.33
International Equities C/Fund	-11.04	-6.49	12.63	N/A	N/A	N/A

## INVESTMENT STRATEGY

PTACT's investment strategy is guided by PTACT's Investment Board with quarterly reports and recommendations by PricewaterhouseCoopers as external asset/markets consultant, in accordance with recommended objectives. The strategy is designed to maximise investment performance and overall return for a client's investment portfolio and is reviewed on a 5-yearly basis.

### Objectives

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 -

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

### Review of Investment Strategy - February 2012

PTACT contracted PricewaterhouseCoopers (PWC) in early 2011 to provide quarterly reports in the role of asset/markets consultant to the PTACT Investment Board. At the time it was proposed that PWC would also conduct a cyclical review of PTACT's Strategy and Risk Management Review on a 3-5 year basis. PWC presented a report on its review to the Board's Meeting on 20 February 2012.

The report made a number of findings and recommendations as follows -

- PTACT's Total Return and Risk of Loss investment objectives are realistic, attainable and appropriate.
- There is a material risk that the Income Return objective of 5.0% pa for the Income Stable Risk Model would not be achieved by the Income Stable Risk Model based on current market circumstances. PWC recommended that the Income Return objective for the Income Stable Risk Model be reduced from 5.0% pa to 4.5% pa.
- The Income Return objective of 2.5% pa for the Growth Risk Model should easily be attainable and is too low. PWC recommended that the Income Return objective for the Growth Risk Model be increased from 2.5% pa to 3.5% pa.
- The stated time horizons are too short. We recommend taking a more conservative approach as follows:
  - a. Income Stable – extend from 1-4 years to 3-6 years
  - b. Balanced – extend from 4-7 years to 6-10 years
  - c. Growth – extend from 7+ years to 10+ years
- The strategic asset allocations of the existing PTACT portfolios be retained for the Income Stable, Balanced and Growth Risk Models.
- There would be little benefit in PTACT creating a separate portfolio for charitable, tax exempt trusts as although it could lead to higher returns and higher income, it would come at higher risk and materially less diversification.
- PWC recommended that PTACT implements a new approach for the investment of maturing trusts to reduce the risk of capital losses in the final years of investment.

All recommendations except that relating to maturing trusts were implemented under the supervision of the Investment Board and the Internal Audit Committee.

### **Risk models**

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.

#### 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 1.49%.

### 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 3.80%.

### 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 5.24%.

### 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 4.85% during the year, and closed at 4.50%.

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

#### **Risk Model Comparative Performance**

<b>RISK MODEL PERFORMANCE</b>	<b>3 MTHS</b>	<b>6 MTHS</b>	<b>1 YR</b>	<b>3 YRS</b>	<b>5 YRS</b>	<b>7 YRS</b>
<b>Capital Secure</b>	1.08	2.09	3.82	5.11	5.08	4.93
<b>Income Stable</b>	-1.17	-0.55	9.86	1.11	4.76	6.23
<b>Balanced</b>	-3.36	-2.32	10.1	-2.1	4.48	7.1
<b>Growth</b>	-6.29	-5.22	11.3	-5.6	3.73	7.71

## **OUR SERVICES TO GOVERNMENT**

### **Government Trust Moneys**

By Instrument made under the *Financial Management Act 1996* 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' in the *Trustee Act 1925* and returns a dividend to the particular account minus Public Trustee fees. Funds held at 30 June 2012 amounted to \$163.95M compared to \$147.21M at 30 June 2011 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
- Default Insurance Fund
- Motor Vehicle Dealers Compensation Fund
- Nominal Defendant
- 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 Vanguard Australian Fixed Interest Index Fund. The circumstances of each account are reviewed regularly and investment strategies established according to individual risk profiles, objectives, income needs 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.

PTACT deposited \$40,518.31 into the Confiscated Assets Trust Fund during the reported year, compared with \$116,246.82 in 2010-11. A further asset is held pending preparation for sale. The property is valued at \$500,000.00 and is subject to a mortgage of \$337,000.00 as well as a restitution order for the net balance.

### Unclaimed Money

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

At 30 June 2012, PTACT held \$17,129,688.19 in unclaimed money compared to \$19,016,587.54 at 30 June 2011. During the year –

- 45 lodgements were received for a total of \$366,920.28.
- 7,011 claims for a total of \$2,039,276.28 were received and paid.
- The average claim for 2011-2012 was \$290.87 compared to \$352.42 for 2010-11.

The breakup of claims paid is as follows –

- Directions by Office of Regulatory Services - 2 claims - total of \$2,000.00
- Legal Profession Act - 5 claims - total of \$65,443.80
- Unclaimed Money Act - 7,004 claims - total of \$1,971,832.48

The increase in claims is attributable to the online claims service on the PTACT website. PTACT proposes to further develop the website to improve claims response turnaround time.

Income of \$1.1M from PTACT's investment of unclaimed moneys was transferred to the Territory on 30 July 2012.

### 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 2012 a total of \$2.07m in deposits was held by the Public Trustee under the Act compared to \$1.3M at 30 June 2011.

### Deposits to Perpetual Care Trust

CEMETERY/ CREMATORIUM	DEPOSITED TO DATE (ALL) \$	NET DEPOSITS \$	2009/10 INCOME \$	GROWTH FROM INVESTMENTS TO DATE \$	BALANCE
Hall	52,993.32	39,032.58	1,008.02	799	43,374.37
Woden	1,287,457.68	969,461.45	28,201.29	(96,836)	1,005,127.79
Norwood Park	36,366.57	36,366.57	1,258.04	(9,263)	38,488.40
<b>TOTAL</b>	<b>1,376,817.57</b>	<b>1,044,860.60</b>	<b>30,467.35</b>	<b>(105,300)</b>	<b>1,086,990.56</b>

## OUR PRODUCTS AND SERVICES

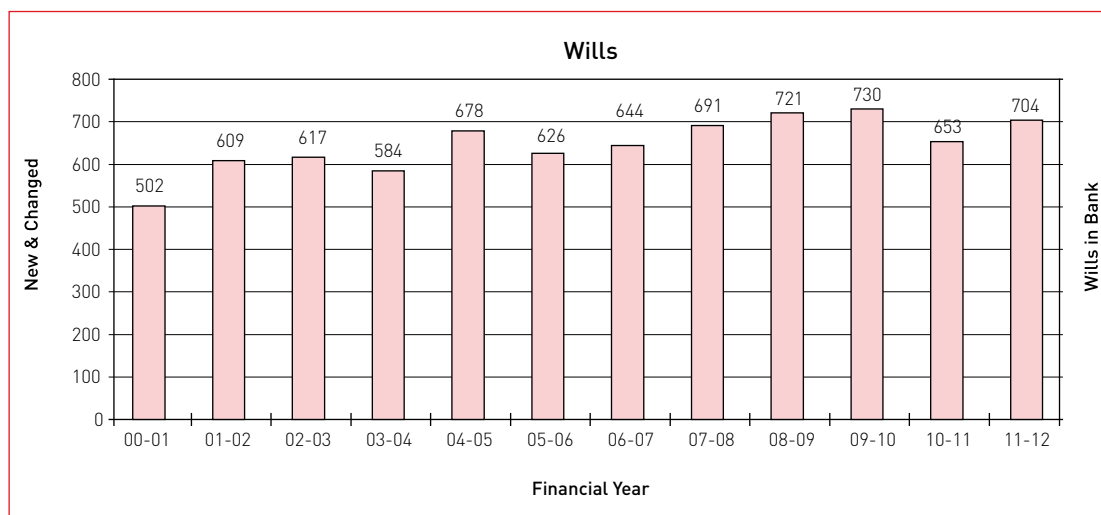
### Wills

Will-making is a core business of PTACT. 704 Wills were completed during the year compared with 653 in the previous year, an increase of 7.8%.

Following representation to the Attorney General and to the JACS Directorate, an approach was made to the ACT Supreme Court to permit the holding of original signed Wills in image form and to provide evidence of those Wills in support of a Probate application in the form of a certified copy of that imaged record.

The *Court Procedures Amendment Rules 2011 (No. 2)* commenced on 1 July 2011. It includes amendments to 2 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.

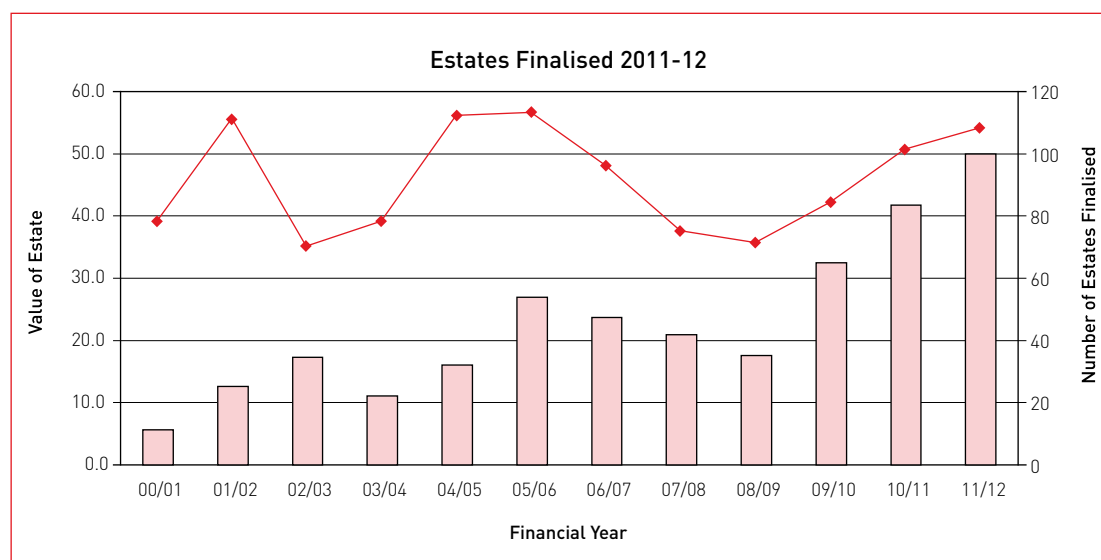


### Estates

Estates commenced - 87 new estates were commenced during the year at an estimated committed value of \$33,114,873.17 compared to 101 at a committed value of \$42,691,390.47 for the previous year. The number of estates commenced in a year is not a measure of performance as there is no correlation between the date of the Will and the date of death.

Estates completed - 108 estates were finalised during the year with an estimated committed value of \$49,960,987.73 compared to 101 at \$41,733,835.21 for the previous year. The number of estates completed during a year is influenced by mortality rate, the number of estates in hand at the commencement of a year, the complexity of estates, the nature of the Will, the number of intestacies and PTACT staffing numbers.

The total number of estates matters on hand during the year was 195 with a total value of \$83.07M compared to 202 with a total value of \$84.42M for 2010-11.

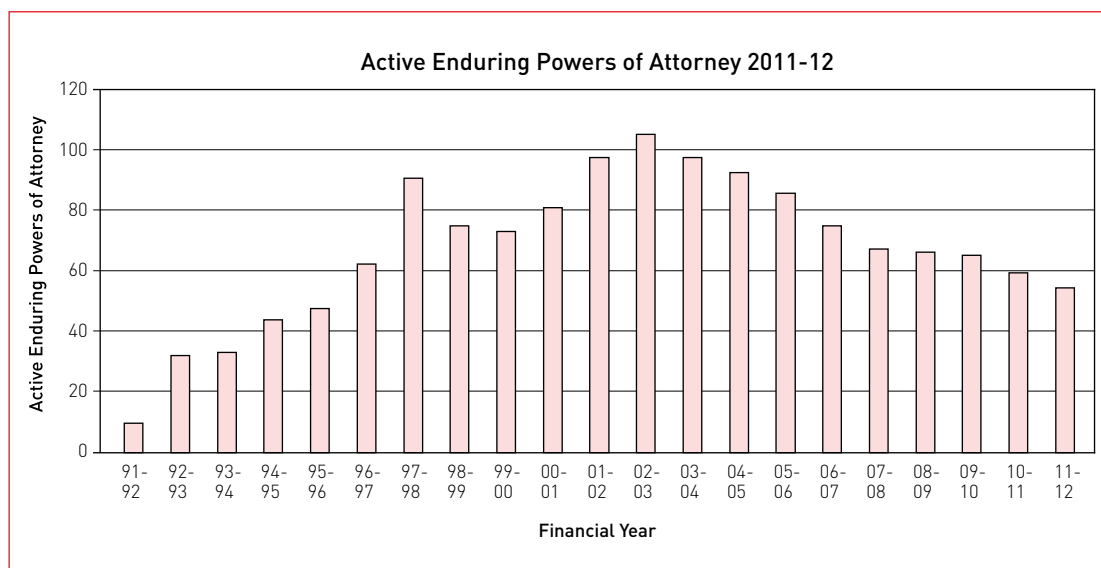


## Trusts

The Public Trustee acts as trustee, manager or receiver of funds for those unable to manage their funds. The value of trusts under administration at 30 June 2012 was \$78.03M.

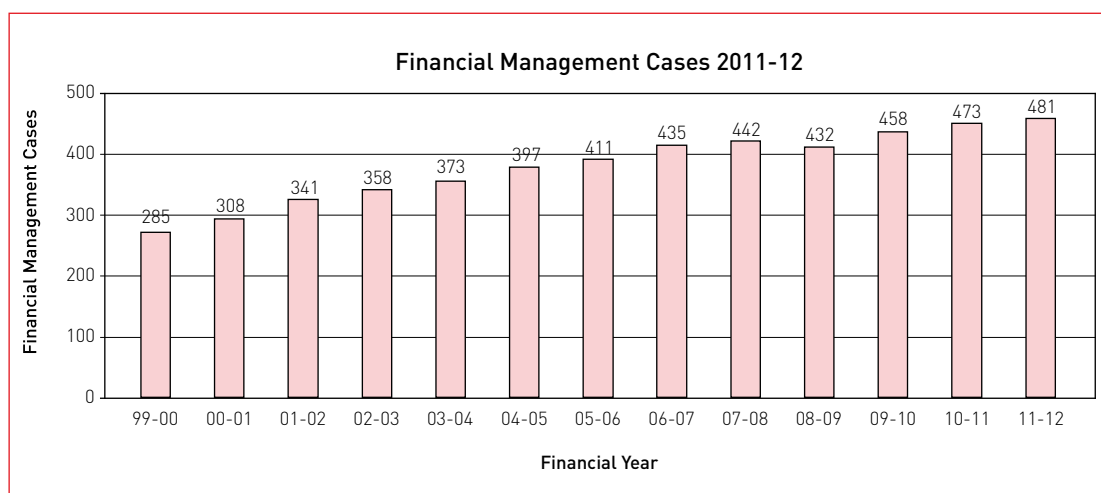
## Powers of Attorney

PTACT actively promotes the preparation of an EPA by all members of the ACT Community having legal capacity. The Public Trustee will act as financial 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 61 last year to 56 this year. This is not an unexpected 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.



### 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 manager in approximately 50% of cases. At 30 June 2012, the Public Trustee was appointed as financial manager for 481 persons compared with 473 persons at 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 lodged 1,153 income tax returns in 2011-12 compared to 1,108 in 2010-11 and increased its taxation revenue by 25.77% from \$137,806.31 in 2010-11 to \$173,325.58 in 2011-12.



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

- System enhancements allowing PTACT to process bulk lodgements.
- Implementation of access to the ATO portal access provides individual Trust Officers the ability to attend to the past taxation obligations of deceased persons.
- A rise in the number of estates under administration and administrative trusts.

### **Conveyancing Services**

PTACT completed 33 property settlements during 2011-12 compared to 27 in 2010-11. The total value of property conveyed was \$19,280,990 compared to \$13,785,500 in 2010-11.

Revenue from conveyancing activities was \$3,790 compared to \$22,225 in 2010-11. The drop in conveyancing revenue resulted from a decision to trial outsourcing of conveyancing to the private sector with a view to containing rising costs. Under the trial arrangement the conveyancing fee is debited to the client's account with only para-legal duties undertaken in PTACT.

## **OUR KEY CHALLENGES AND PLANS**

PTACT's Business Plan for 2011-12 identified the following continuing challenges for PTACT:

### **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 presents challenges from client servicing and budgeting perspectives.

### **Dynamic and changing marketplace**

A continuing longer-term priority is to ensure that PTACT is economically viable, sustainable and equipped to deal with the demands of an ageing population. Trends in ACT demographics reported by the Australian Bureau of Statistics continue to 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 to 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 as well as to subsidise 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 commercial trustee corporations, PTACT is constrained by a tight regulatory framework requiring a higher level of accountability, transparency and governance. PTACT seeks to influence the development of existing and new 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 provides some form of protection to the private sector, it may inhibit PTACT developing the contestable areas of its business. An example is the higher level of accountability, transparency and governance required of a Public Trustee.

### Public perception

PTACT strives to promote a positive, responsive, respectful and service-oriented image and customer feedback from survey responses reflect 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. PTACT will also pursue other potential areas of trustee responsibility in 2012-13.

### 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 2011-12 established PTACT's performance measures and targets for the reporting year.

The Statement of Intent, which focuses on the 2011-12 Budget year, has been developed in the context of a four year forward planning horizon to be incorporated, as far as practicable, into the Public Trustee's strategic and business planning processes.

The major corporate objectives of the Public Trustee for the ACT (PTACT) relevant to the Statement of Intent are to:

- operate as a customer service-oriented entity along commercial lines subject to the *Public Trustee Act 1985*;

- use benchmarking to operate at least as efficiently as alternate service providers and provide quality, value for money services in all aspects of Public Trustee's operations;
- use financial practices and maintain accounts and records which satisfy the requirements of the *Financial Management Act 1996*, including the associated ACT Accounting Policy Manual, modelled on the requirements of Australian Accounting Standards, and which fairly present the Public Trustee's financial position, operational and cash flow results for planning and reporting purposes;
- adopt high standard operating practices to safeguard the environment and health and safety of staff;
- provide a productive and satisfying working environment for staff, and a commitment to high standards of human resource management based on the principles of equal employment opportunity; and
- undertake Community Service Obligations (CSOs) in respect to the provision of financial management services for persons with a decision making disability, acting as attorney under Enduring Powers of Attorney, administering trusts under \$100,000 in value, examination of accounts prepared by external financial managers, drafting wills in cases of financial hardship, police call-outs, welfare funerals and administering low value deceased estates.

### Nature and Scope of Activities to be carried out

Public Trustee provides the ACT community with professional executor and trustee services, including the preparation of Wills, Enduring Powers of Attorney and Estate Administration and Trust Management services. PTACT is responsible for protecting the interests of people with a legal disability, where appointed by the ACT Civil and Administrative Tribunal (ACAT) as (Financial) Manager or where acting as attorney for financial matters under an Enduring Power of Attorney.

Public Trustee also acts as agent for the Territory in providing asset services under the *Confiscation of Criminal Assets Act 2003*; is the delegate for unclaimed moneys and holds investment responsibility for government and non government trust funds, including the Perpetual Care Trust under the *Cemeteries and Crematoria Act 2003*. The Public Trustee is trustee for GreaterGood - The Capital Region Community Foundation.

In undertaking these functions Public Trustee will:

- a) operate as a customer service-oriented entity along commercial lines subject to the *Public Trustee Act 1985*. Financial markets have improved significantly, with a significant return to surplus after the end of the global financial crisis. The Public Trustee's financial management activity continues to develop with the award of a number of high value trusts during the last 12 months. This is indicative of the Public Trustee's credibility as a commercial trustee and;
- b) use benchmarking to operate as efficiently as alternative service providers and to provide quality, value for money services in all aspects of Public Trustee's operations. The Public Trustee will continue to participate in peer and industry forums to develop appropriate products for client groups including a new superannuation product. The Public Trustee will urge the marketing of Australian Public Trustees through a collective website, collective branding and advertising.

The Public Trustee will also co-launch a new code for financial managers 'National Standards for Financial Managers';

- c) use financial practices and maintain accounts and records which satisfy the requirements of the *Financial Management Act 1996*, including the associated ACT Accounting Policy Manual, modelled on the requirements of Australian Accounting Standards, and which fairly present the Public Trustee's financial position, operational and cash flow results for planning and reporting purposes. Public Trustee has again received an unqualified audit result and will continue to develop its Audit Committee to routinely examine aspects of its governance and administration and to cooperate with external departmental rolling audits;
- d) adopt high standard operating practices to safeguard the environment and health and safety of staff. The Public Trustee has undertaken a number of developments to improve its workplace health and safety. It is proposed to continue to develop the workplace to the highest standard of staff safety and amenity.
- e) provide a productive and satisfying working environment for staff and a commitment to high standards of human resource management based on the principles of equal employment opportunity. The Public Trustee has committed to work with the department as Respect, Equity and Diversity champion. PTACT will continue to develop its performance management framework to identify and satisfy requisite skills; and
- f) undertake CSO's in respect to the provision of financial management services for persons with a decision-making disability, preparing and acting as attorney under Enduring Powers of Attorney, administering trusts under \$100,000 in value, examination of accounts prepared by external financial managers, drafting wills in cases of financial hardship, police call-outs, welfare funerals and administering low value deceased estates. Public Trustee has now rationalised fees and charges for financial management services to ensure that all Public Trustee clients are subject to the same fees determination (subject to a power to adjust in cases of hardship). The Public Trustee will continue to work with ACAT in the coming year to ensure that financial management orders are not inappropriately made.

### Risk

The Public Trustee for the ACT has identified prevailing and emerging risks to the delivery of its Statement of Intent objectives in its Fraud, Corruption and Risk Management Plan. As required, the plan has been prepared in consultation with the Public Trustee Investment Board and is reviewed every two years. The plan was last reviewed in 2009 and has since been amended following the enactment of uniform workplace health and safety laws through a workplace health and safety risk plan. The Public Trustee's Audit Committee is now well established and will coordinate all audits to manage risk and establish best practice.

## Performance measures

INDICATOR	ACTUAL OUTCOME 2009-10	ESTIMATED OUTCOME 2010-11	PLANNED 2011-12	PLANNED 2012-13	PLANNED 2013-14	PLANNED 2014-15
No. of current financial management under orders of the Guardianship and Management of Property Tribunal (GMPT)	458	463	468	473	478	483
No. of active financial management accounts under Power of Attorney and Enduring Power of Attorney	67	61	61	62	62	63
No. of responses to community call outs following death	3	3	3	3	3	3
No. of welfare funerals arranged	2	4	3	3	3	3
No. of examinations of accounts provided from external managers under GMPT	370	375	380	385	390	395
No. of deceased estate administrations completed ← \$100,000	37	35	36	39	42	42
No. of deceased estate administrations completed → \$100,000	47	35	37	39	41	43
No. of trusts held under legal liability less than ←\$100,000	399	385	380	375	370	365
No. of trusts held under legal liability → \$100,000	39	43	45	47	49	51
Wills	730	700	720	740	760	780
Percentage of expenditure over total income	102%	88%	91%	91%	89%	88%

## A.10 TRIPLE BOTTOM LINE REPORT

This has been largely covered in the JACS Annual Report 2011-2012 with the exception of Economic and Social indicators as follows –

	INDICATOR	2011-12 RESULT	2010-11 RESULT	% CHANGE
ECONOMIC	<b>Employee Expenses</b>			
	Number of staff employed at 30 June 2010 (head count)	39	38	2.63%
	Total employee expenditure (dollars)	\$3,442,335	\$2,970,279	15.89%
	<b>Operating Statement</b>			
	Total expenditure (dollars)	\$4,495,960	\$3,830,580	17.37.%
	Total own source revenue (dollars)	\$4,567,994	\$4,338,132	5.29%
	Total net cost of services (dollars)	\$72,034	(\$507,552)	14.19%
	<b>Economic Viability</b>			
	Total assets (dollars)	\$6,061,874	\$5,530,455	9.61%
	Total liabilities (dollars)	\$1,993,850	\$1,839,448	8.39%
SOCIAL	<b>The Diversity of Our Workforce</b>			
	Women (Female FTEs as a percentage of the total workforce)	67%	68.44%	(2.1%)
	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)	12.82%	5.3%	7.52%
	<b>Staff Health and Wellbeing</b>			
	OH&S Incident Reports	3	5	(40%)
	Accepted claims for compensation (as at 31 August 2010)	0	3	(300%)
	Staff receiving influenza vaccinations	27	22	22.7%
	Workstation assessments requested	12	7	71.4%



**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **SECTION B**

## **CONSULTATION AND SCRUTINY REPORTING**

## B.1 COMMUNITY ENGAGEMENT

### 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 2011-12 has involved the following activities –

FORM OF COMMUNITY ENGAGEMENT	OUTCOME
Seniors Week Public Trustee Seminar - March 2012	Community educated about estate planning. A free Will was provided to all attendees.
Life's Reflection and Multicultural Festival Sanctuary sponsorship - \$4,000	PTACT engaged with Seniors and demonstrated their value to the community
JACS Reconciliation Action Plan launch - sponsorship \$800	JACS staff working together towards a shared pride in Aboriginal and Torres Strait Islander cultures, country and history.
Distribution of approximately \$394,427 to local charity through GreaterGood	Continuing and increased funding to charity in the ACT.
Visits to two ACT Government Workplaces and addressed all JACS Induction training to demonstrate the value of Workplace Giving	Workplace Giving Fund established in JACS and two more under consideration by ACT Government Directorates.
Participated in the Canberra Retirement and Lifestyle Expo 2012	Community educated about estate planning.
Addressed community groups on 15 occasions in addition to a Seniors Week seminar	Community educated about estate planning.
Conducted inaugural Wills Week in October 2011	Community educated about estate planning. A free Will was provided to all attendees.
Conducted home visits to clients	Mobility issues and social isolation is overcome in respect to Wills and EPAs.
Participated in joint govt/industry estate planning forum	Public and private sector practitioners informed about complex estate administration and trust issues.
Presented at National Heart Foundation Willing Hearts Club	Community educated about estate planning.
Presented scholarship to winner of Francis Carroll annual scholarship	Delivery of philanthropy in the ACT community.



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

- Enhanced PTACT and GreaterGood websites and developed a GreaterGood Facebook;
- Placed advertisements and editorials in the Canberra Times "Start Living" lift-out each month as well as for special promotions including Seniors Week and Wills Week;
- Commenced radio advertising for the first time for both Wills Week 2011 and Seniors Week 2012.
- Placed advertisements in the Seniors Booklet, ACT Hospitals Services Guide as well as the Yellow Pages;
- Maintenance of PTACT brochures in shopfronts;
- Development of a video loop for PTACT Reception and ACT Government Shopfronts;
- Attendance and promotion through the 2011 Cabinet in the Community;
- Secured media appearances involving GreaterGood; and
- Finalised appropriate branding on the exterior of our premises in London Circuit.

## 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; and
- whether they would recommend PTACT to others.

184 clients were surveyed with 94% of clients reporting that the Public Trustee met or exceeded their expectations, against 91% reported for the same period last year. Of all clients surveyed, 70% responded that PTACT exceeded their expectations, 6% did not provide a rating and no respondents found PTACT below expectation in any measure surveyed.

## OUR REPRESENTATION ON EXTERNAL FORUMS

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

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, a national forum of agencies whose role is to protect adults who have a disability that impairs their capacity to make decisions and manage their affairs. Agencies include Public Trustees, Public Advocates, Public/Adult Guardians, Protective Commissioners as well as Boards and Tribunals. AGAC meets bi-annually*. The Public Trustee undertakes a secretarial role for AGAC.
Financial Services Council Inc (FSC)	The FSC represents Australia's retail and wholesale funds management businesses, superannuation funds, life insurers, financial advisory networks, trustee companies and Public Trustees. The FSC promotes best practice for the financial services industry by setting mandatory standards for its members and providing guidance notes to assist in operational efficiency. PTACT was formerly a member of the Trustee Corporations of Australia, which was subsumed into the FSC in 2012.
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.
COTA (ACT)	PTACT is a member of the Council on the Ageing (COTA ACT). COTA is the peak older person's organisation in Australia representing issues at Territory and federal levels.
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 engages 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 annual Seniors Week/Wills Week seminars;
- advertisement in the ACT Seniors' Card Directory and Canberra and Calvary Hospital patient and inpatient information guides;
- 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.

## 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 audited accounts.

In her report following the conduct of the 2010-11 end of year audit, the Auditor-General noted that -

- PTACT had resolved the previously reported audit findings by -
  - improving controls over credit card expenditure to reduce the risk of incorrect, irregular or fraudulent expenditure; and
  - reviewing salary break-up reports in a timely manner to reduce the risk that errors, irregularities and fraud will not be promptly detected and addressed;
  - improving the Public Trustee's statement of performance by removing financial indicators that were not relevant to its operations.

The Auditor-General found that the Public Trustee's internal audit arrangements fell short of better practice. In particular the Office observed that:

- only one internal audit was undertaken during 2010-11 and this was performed by the Finance Manager;
- the Internal Audit Committee did not operate for the majority of the financial year after the Chair left the Public Trustee's Office;
- the independent member of the Internal Audit Committee is not the Chair of the Committee as recommended by better practice; and
- the Internal Audit Committee did not meet on a regular basis during the financial year.

The Audit Office also found that information included in the statement of performance is not always sufficient to enable users to understand the Public Trustee's performance in delivering the outputs and may not present full information about the Public Trustee's performance against each accountability indicator. These include -

- the number of current financial management accounts under orders of the ACT Civil and Administrative Tribunal (ACAT); and
- The Audit Office found that there is no definition for this accountability indicator describing that it is only new or changed Wills in the current financial year and not the total number of Wills managed by the Public Trustee.

All of the Auditor-General's recommendations have now been implemented.

The Capital Region Community Foundation



## ANNUAL REPORT 2011/12

GreaterGood - The Capital Region Community Foundation, is the Canberra Region's only public charitable foundation, established by the Public Trustee for the ACT in 2003.

GreaterGood 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 own 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.

2011-12 has been a year of significant change for GreaterGood -

- **STRUCTURAL REVIEW IMPLEMENTED**  
A comprehensive review of the foundation board structure and deeds undertaken at the close of 2010-11 resulted in a smaller board of seven members appointed in accordance with a skills audit. At a function in March 2012 sponsored by the National Press Club, the Trustee and Board Chair acknowledged the contributions of Patron, Lady Helen Deane and all current and previous board and management committee members. Incoming Board Chair Dr Chris Peters AM said "It is an honour to be with people that make philanthropy in our community so much a part of your being, what you care about, giving back and making a difference in people's lives." The new board members are - Dr Chris Peters AM, (Chair), Mr Larry King (Deputy Chair), Ms Maureen Cane, Justice Richard Refshauge, Mr Laurie Wilson, Ms Renee Le Grande and Mr Doug Gillespie (Trustee Representative).
- **A MILESTONE LEVEL OF PHILANTHROPY ACHIEVED**  
GreaterGood will achieve a major milestone in 2012. The GreaterGood Gift Fund and Open Fund accounts were opened on 4 April 2003 with a \$10 donation. At 30 June 2012, there is close to \$10 Million in the corpus with 50 established accounts. Accounts consist of 12 Memorial funds, 16 named family funds, 1 scholarship fund, 5 workplace giving schemes, 7 Community trusts and 8 Charitable trusts. \$1.8 Million has been distributed to charities since 2003 with the largest single distribution coming from the Prance Family Trust of \$136,000.00 in 2011.
- **NEW FUNDS ESTABLISHED IN 2011-2012**
  - Palmer Family Memorial Trust,
  - Giving Heart Canberra's Health
  - Christopher van Leeuwen Asthma Foundation
  - Crookwell Community Trust
  - Linke Animal welfare Trust
  - Richardson Family Trust
  - Upper Lachlan Foundation Gift Fund
  - Capital Woodland and Wetlands Trust
  - Crookwell Potato Association
- **GREATERGOOD CHAIR AWARDED ACT CITIZEN OF THE YEAR 2012**  
GreaterGood is proud to have on its board, the current and immediate past ACT Citizens of the Year, Dr Chris Peters AM (2012) and Ms Maureen Cane (2011). ACT Chief Minister Katy Gallagher MLA, presented Dr Peters with the award at a ceremony in Woden on 8th

The Capital Region Community Foundation

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Phone: (02) 6207 9890 Fax: (02) 6207 9811 Web: [greatergood.org.au](http://greatergood.org.au) Email: [publictrustee@act.gov.au](mailto:publictrustee@act.gov.au)



March 2012, commending him for his contribution to supporting Canberra's local businesses and to the community. "Dr Peters is well known, people hear him on the radio or in the media, but he does a lot of work behind the scenes volunteering his time that doesn't get recognition" Ms Gallagher said. Dr Chris Peters has been a member of the GreaterGood board since September 2007 and was appointed as Chair in November 2011.

- **OUTWARD BOUND SCHOLARSHIPS**  
For over six years, GreaterGood has been providing funding scholarships: helping local youth discover, develop and achieve their potential through Outward Bound's Youth Development Navigator Program. Thanks to the generous donations from GreaterGood account holders, GreaterGood was able to assist Nic from Ulladulla, complete the Outward Bound Navigator program and he has now been inspired to pursue a career in Mechanical Engineering. "Outward Bound's Navigator course has helped me to focus on what I want in the future," said Nic. GreaterGood continues to make this life-changing opportunity accessible to youth in need and since the initiative's inception in 2006, has touched the lives of 28 teenagers socially isolated or financially disadvantaged around ACT and South-Eastern NSW through the sponsorship of \$45,000 in scholarship funds. Each participant attends the twelve day course in the ACT's Namadgi National Park.
- **CHIEF MINISTERS' CENTENARY FOUNDATION**  
The Chief Minister will launch the Chief Minister's Centenary Foundation (CMCF) in March 2013 as part of Centenary of Canberra celebrations. The foundation will be established and administered under the auspices of GreaterGood. CMCF will be a perpetual fund celebrating Canberra's first 100 years and looking forward to the next 100 years, providing ongoing self-sustaining funding for charities and charitable purposes within the ACT community. The Foundation emulates similar highly successful foundations in Melbourne, New York and London.
- **FRANCIS CARROLL SCHOLARSHIP 2012 AWARDED**  
Victoria Corcoran is the recipient of the 2012 Francis Carroll Scholarship. Victoria began her studies at the Australian Catholic University in 2012, undertaking a Bachelor of Education studies. She was also the recipient of a Catholic Education Office Scholarship and an early achievers' program recipient. Victoria is from Boorowa and went to school at Hennessy Catholic College in Young. Victoria has a strong passion for children and sees the immeasurable value of education for all children. Victoria's goal is to study all years of teaching, and to work in rural and disadvantaged communities. She won the scholarship through her involvement within her local community and parish as well as her academic achievement.
- **GREATERGOOD FACEBOOK LAUNCHED**  
GreaterGood launched its FACEBOOK page in May 2012. GreaterGood uses FACEBOOK as a medium to deliver information to interested community members. Registered members receive regular alerts, wall posts with updates about news and events.
- **WEBSITE ENHANCEMENTS**  
The GreaterGood website was further enhanced during the year with the addition of a new online charitable foundations donation form. The facility will allow people in the community to provide 100% tax deductible financial support online to multiple foundations with a dedicated charitable cause. Further donations will be uploaded following consent from the principals. Charities have been encouraged to link the donation form to their websites, which will encourage public donation. This facility brings the Canberra Connect payments facility within the reach of charitable funds which would otherwise not qualify.
- **LAW SOCIETY MEMBERS SUPPORTING GREATERGOOD**  
It is again pleasing to note that the increasing number of Wills being written by ACT Law Society members containing bequests through GreaterGood through the good work of ACT Law Society Executive Director & Deputy Chair Larry King in promoting the foundation to Society members.
- **WORKPLACE GIVING HITS A NEW HIGH**  
From its humble beginnings as the Public Trustee's own workplace-giving scheme, the GreaterGood workplace-giving framework has now attracted 5 new schemes, 2 in the private sector and three in ACT Government. Another year has passed and our JACS4GreaterGood fund continues to grow with the generous support of JACS staff. The current value of the fund is \$64,691.85 and this year's distribution is \$2,627.00. In August 2011 a distribution of \$1,300.00 was presented to the Mental Health Foundation in accordance with the results of a JACS staff survey.

The Capital Region Community Foundation

PO Box 221 - CIVIC SQUARE ACT 2608

Phone: (02) 6207 9800 - Fax: (02) 6207 9833 - Web: [greatergood.org.au](http://greatergood.org.au) - Email: [publictrustee@act.gov.au](mailto:publictrustee@act.gov.au)

• GREATERGOOD PROMOTION AND MARKETING

GreaterGood was promoted through 2011-12 at Seniors Week and Wills Week Seminars, The Retirement and Lifestyle Expo, Institute of Chartered Accountants presentation and various social and community groups. Printed material included a double sided flyer, distributed in conjunction with the Seniors Card Directory to 37,000 households in the ACT. The flyer is also available for general distribution in the form of 'GG ENews', an electronic newsletter distributed to account holders, recipient charities, board members and associates.

GreaterGood funds proudly supported the following charities in 2011-12 -

St Johns Care	Queensland Flood Relief Appeal
New Zealand Red Cross Earthquake Appeal	Outward Bound Australia
The Sanctuary Counselling Centre	Salvation Army Flood Appeal
TCH - Purchase of Harmonic Generator	Young Endeavour
Ongoing Rehabilitation Canberra Bushfire Appeal	Australian Catholic University Scholarship
Tandem Respite Care	World Vision Australia
North Canberra Bears MRLFC	Tear Australia Inc
West Belconnen JRLFC Inc	Children's Cancer Institute Australia
ACT Palliative Care Society	Australian Wildlife Conservancy
Canteen ACT	CBM Australia
Belconnen United Sharks JRLFC	Vision Australia
Gungahlin Bulls MRLFC	Cerebral Palsy Alliance

Under the revised governance arrangements, the Board will meet four times each year. With appointments finalised in October 2011, the Board met on three occasions with attendances as follows -

Attendee	8/11/11	21/2/12	17/4/12
Andrew Taylor	✓	✓	✓
Chris Peters	✓	✓	✓
Larry King	✓	✓	✓
Maureen Cane	✓	✓	✓
Richard Refshauge	✓	X	✓
Laurie Wilson	✓	✓	✓
Renee Le Grande	✓	✓	✓
Doug Gillespie	✓	✓	✓

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

Thank you 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.

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

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 2011-12.



Dr Chris Peters AM  
**CHAIR**  
30 June 2012



Andrew Taylor  
**TRUSTEE**

The Capital Region Community Foundation

PO Box 221 - CIVIC SQUARE ACT 2608

Phone: (02) 6207 9800 - Fax: (02) 6207 9815 - Web: [greatergood.org.au](http://greatergood.org.au) Email: [public@trustee@act.gov.au](mailto:public@trustee@act.gov.au)





Mr Martin Shields, Bequest Executive, Children's Cancer Institute Australia receives a cheque for \$20,509 from Andrew Taylor (Public Trustee/Trustee GreaterGood) and Robert Leonard, on behalf of the Bob and Gert Munro Memorial Fund before the Snowy Ride 2011, Parliament House, November 2011.



Michael Linke (CEO RSPCA ACT/Principal - Linke Animal Welfare Trust) receives a cheque for \$27,500 from Andrew Taylor (Public Trustee/Trustee GreaterGood) on behalf of the Prance Family Trust Fund, RSPCA ACT Foster Night, September 2011.



Dr Christopher Peters AM OI JP (Chair, GreaterGood Board) receives his award as 2012 Canberra Citizen of the Year from Chief Minister Katy Gallagher MLA in March 2012.





Marelle Thornton AM (President, Cerebral Palsy Alliance) thanks Andrew Taylor (Public Trustee/Trustee GreaterGood) and Doug Gillespie (Deputy Public Trustee) at the Cerebral Palsy Alliance Thank You Morning Tea at the Lodge - April 2012



Chief Minister Katy Gallagher MLA with Joyce van Leeuwen and Tim van Leeuwen, Natalie Maconachie (Chief Executive, The Asthma Foundation), Tracey Jay (Executive Officer, GreaterGood) and Andrew Taylor (Public Trustee/Trustee GreaterGood) at the launch of the Christopher van Leeuwen Asthma Foundation, September 2011, Duffy Primary School.

## 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 Fraud Management across JACS

A review of fraud management across JACS was undertaken by Oakton in 2012 and a final discussion paper released in May 2012. The review sought to examine existing fraud management practices in JACS in accordance with better practice risk management, Australian standards, and ACT Government requirements to ensure that the practices in place are current and appropriate. PTACT was included as part of the review representing statutory offices within JACS.

The review found that PTACT has a detailed and effective fraud risk analysis in place, and of the business units reviewed, PTACT was a long way ahead. However, given the disparity in lack of uniformity between approaches taken by different business units reviewed, it was recommended that JACS should adopt a uniform style and layout. PTACT has modified its analysis and has conformed to the recently implemented JACS fraud/risk matrix.

### INTERNAL AUDIT COMMITTEE

The Audit Committee met on four occasions with the following outcomes -

- 1 December 2011 - The meeting considered the Auditor-General's comments in her end of year audit for 2010-11 and appointed Ms Corinne Appleby as the external representative and independent chair. It was agreed that the committee should meet four times each year. The Committee's charter was reviewed and an internal audit plan was formulated.
- 19 January 2012 - The committee considered the following issues should be reviewed
  - Operational -
    - Service Provider Code of Conduct
    - Prepare policy on disposal of assets
    - Use of official vehicles
  - Tactical -
    - Implementation of Auditor-General's and Protiviti's recommendations 2010-11
    - PTACT fraud, corruption and risk framework
  - Strategic -
    - PTACT Practice Manual

- 24 May 2012 - The committee noted that recommendations made by the Auditor-General and Protiviti had been implemented. The committee also noted that PTACT had complied with the new JACS Fraud, corruption and risk management framework as well as the JACS Workplace, Health and Safety matrix. The committee also noted that a review of PTACT's EFT payments system and official vehicles use and found no irregularity. The Committee flagged a review of the 2012 Financial Statements for the next meeting in June prior to the end of the financial year.
- 22 June 2012 - The Committee appointed the PTACT Workplace Health and Safety representative to its membership. All reviews undertaken by the Workplace Health and Safety representative will be undertaken as Internal Audit Committee reviews. The meeting confirmed that changes to statistical indicators for financial management clients and Wills had been made in line with the Auditor-General's recommendations. The meeting also confirmed that PTACT's risk management plan had been updated and included pre/post mitigation ratings.

(The Committee agreed to meet soon after the end of the 2011-12 financial year to review the 2011-12 financial statements.)

## ACT OMBUDSMAN

PTACT continues to enjoy 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 2011/12 financial year, the Commonwealth Ombudsman, acting in the capacity as ACT Ombudsman, received a total of 17 approaches concerning PTACT, compared to 10 in the previous year. During the year, the Ombudsman closed 16 approaches relating to PTACT. There were no investigations where a finding of administrative deficiency was recorded.

## REVIEW OF PTACT INVESTMENT AND RISK MANAGEMENT

As previously mentioned PTACT undertook an independent (5-yearly) external review of its Investment and Risk Management through PWC.

## 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 2010-11 Annual Reports" considered the Public Trustee's Annual Report in September 2011. 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 2011-12 on 20 June 2012. The Public Trustee satisfactorily responded to all Questions on Notice within the required time.

## B.4 LEGISLATION REPORT

### LEGISLATION

The Public Trustee's operations were established, and are directed, by the –

- *Public Trustee Act 1985;*

The Public Trustee has responsibilities under the following laws –

- *Administration and Probate Act 1929;*
- *Agents Act 2003*
- *Cemeteries and Crematoria Act 2003;*
- *Confiscation of Criminal Assets Act 2003;*
- *Financial Management Act 1996;*
- *Guardianship and Management of Property Act 1992;*
- *Legal Profession Act 2006*
- *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, and 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 –

- Merger of PTACT (Public Trustee) and PAACT (Public Advocate) functions.
- Compulsory registration of Enduring Powers of Attorney.

- Establishing a register of unclaimed money.
- Amendment to the Public Trustee Act in respect to religious trusts.
- Amendment to the Public Trustee Act in respect to Court appointments to pay money to PTACT.
- Amendment to the Public Trustee Act in respect to advancing funds for investment into superannuation.
- Recognition of interstate orders by ACAT.
- Amendments to the Confiscation of Criminal Assets Act in respect to distributions.

## LEGISLATION ENACTED/AMENDED

### Public Trustee Act 1985

#### S.13 - Establishment of trusts for religious purposes

The Public Trustee recommended an amendment to S.13 of the *Public Trustee Act 1985* in respect to trusts for religious purposes. Section 13(3) currently states -

“The Public Trustee shall not accept a trust established exclusively or primarily for religious purposes.”

This creates difficulties as to the interpretation of the words ‘exclusively or primarily for religious purposes’. The Public Trustee is highly involved in the creation and administration of trusts for charitable purposes and religious institutions are in turn highly involved in charitable matters. Our position is that the trust funds are not held exclusively for religious purposes. Whether or not some fund distributions would be applied primarily for religious purposes is unknown to the trustee and PTACT maintains the trusts are not held primarily for religious purposes either. The ‘primarily’ restriction is clearly something a trustee would find difficult to establish one way or the other and is open to interpretation.

PTACT needs to remove uncertainty by an amendment to the Act to remove the ‘primarily’ restriction. Ideally it would be preferable to delete the section in its entirety.

This matter is currently under consideration.

#### S. 25 - Court directions to pay moneys to Public Trustee

S.25 of the Act sets out the circumstances in which money awarded by a court to a person under a disability can be directed to the Public Trustee.

Currently, due to the definition of “court” in the Act, the section only applies to money awarded by the Supreme Court to a person with a disability. On this basis, the section will not apply to money awarded to a person under a disability by the Magistrates Court or the ACT Civil and Administrative Tribunal. The Bill amends the Public Trustee Act to rectify this.

### S.25A - Advancing funds for investment into superannuation

S.25A(1) of the Act currently provides that the Public Trustee is to hold all money or property accepted by the Public Trustee on behalf of a person with a disability pursuant to S.25 on trust for that person. S.25A(2) sets out the things that the Public Trustee may do with the money held on behalf of a person with a disability. However it does not specifically allow the Public Trustee to access superannuation as an investment. The Bill amends S.25A(2) of the Act to allow the Public Trustee to invest in superannuation when dealing with the money or property held on trust for a person with a disability.

S.25 was amended by JACS Legislation Amendment Bill 2012 (No 2).

### **Unclaimed Money Act 1950**

The Public Trustee receives lodgments of unclaimed moneys payable to the Territory and invests and pays claims in respect to that money. The Public Trustee has experienced difficulties in respect to the privacy of information held in the register. Amendments were sought to require the Public Trustee to establish a register and to enter particulars of the owner of the money, the amount and any other relevant information. The amendment was also required to provide the Public Trustee with a requirement to make information in the register available to the public at his discretion. The Bill amends the Act by inserting a new S.33A.

The Act was amended by JACS Legislation Amendment Bill 2012.



**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 AT PTACT	MEETINGS ATTENDED/YEAR
Andrew Taylor	Public Trustee	8 years	4
Doug Gillespie	Senior Deputy Public Trustee	22 years	4
Sue La Peyre	Deputy Public Trustee Manager Estates/Trusts	19 years	4
Joanne Thompson	Deputy Public Trustee Manager Finance	22 years	4
Toni Leiper	Deputy Public Trustee Manager Personal Management Services	25 years	4

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 PTACT Internal Audit Committee agenda.

Under the strategies, a number of important risk management initiatives were 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 Corinne Appleby	Independent Member	Apptd 2011	4
Callum Hughes	Chair	Apptd 2010	4
Doug Gillespie	Member	Apptd 2010	3
David Stenhouse	Member	Apptd 2010	4



NAME OF MEMBER	POSITION	DURATION	MEETINGS ATTENDED
Kathryn Toy	Member	Apptd 2012	1
Adam Bownds	Member (WHS)	Apptd 2012	1
Joanne Thompson	Observer	Apptd 2010	1
Andrew Taylor	Observer	Apptd May 2010	2

## INSURANCE

PTACT's insurance risk is covered through a commercial policy with AON (Ansvar) Insurance as well as through a general risk policy with ACT Insurance Authority (ACTIA). During the year, Ansvar withdrew from the commercial insurance market and PTACT has commenced a search for a replacement commercial risk insurer. 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. We undertake an analysis of the circumstances of all of our investment clients and assess the level of investment risk considered acceptable. Our annual review of all client risk profiles was completed in June 2012.

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 Strategy and Workplace Health and Safety and Injury Management Improvement Strategy establish appropriate risk controls and checks and comply with ACTIA, ACT Government and JACS Directorate standards. Following a review of Fraud, Corruption and Risk in JACS during the year, the auditor reported "....that PTACT did ....have a detailed and effective fraud risk analysis in place.....PTACT was certainly a long way ahead."

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.

During 2012, Price Waterhouse Coopers was engaged to conduct a five-yearly review of PTACT's Investment and Risk Management. PTACT implemented all but one of the findings contained in the review. On the advice of the PTACT Investment Board and in consultation with the practices of other Public Trustees, the recommendation in respect to the investment of maturing trusts to reduce the risk of capital losses in the final years of investment was not implemented.

## **CODES OF CONDUCT**

PTACT has established Codes of Conduct for its staff as well as its service providers. These codes are intended to regulate the conduct of our staff and service providers to our clients. They embody a set of behaviours outlining the responsibilities that staff and service providers should observe and demonstrate when employed or engaged by the Public Trustee and reflects the special and trusted nature of the Public Trustee's role in the community.

PTACT's Staff Code of Conduct embraces the recently established ACT Public Service values and signature behaviours of respect, integrity, collaboration and innovation. 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.

During the year, two senior PTACT managers attended industry fraud/risk training presented from a trustee perspective.

No reports or allegations of fraud or improper misconduct 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.

PTACT is subject to the JACS Public Interest Disclosure Policy March 2007. The policy seeks to provide assistance to people who seek to disclose matters under the Act. Persons interested in making a disclosure in respect to the Public Trustee may do so the Executive Director - Governance, or if unavailable through the JACS Internal Auditor.

No public interest disclosures were made during 2011-12.

## 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 -

- Will preparation services 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/investment government and non-government trusts.
- Asset management under the *Confiscation of Criminal Assets Act 2003*.
- Managing specified unclaimed moneys.
- Examination of accounts prepared by private financial managers appointed by ACAT.
- Administration of GreaterGood - The Capital Region Community Foundation.

### Arrangements for external participation

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

### Categories of documents

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 are directed to the Public Trustee.

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

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

- Current determination of fees and 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

During the reported year three approaches were made to PTACT for access to records relating to unclaimed money under the *Freedom of Information Act 1989*. All three applications failed the privacy test, were not made in the appropriate form and were rejected. All applicants were advised of their right of appeal and no appeal was forthcoming.

A Freedom of Information Statement is contained in the Justice and Community Safety Directorate's Annual Report for 2011-12.

## C.5 INTERNAL ACCOUNTABILITY

### SENIOR EXECUTIVE/MANAGEMENT



PTACT Management Committee - Sue La Peyre, Andrew Taylor (Public Trustee), Doug Gillespie, Joanne Thompson (Toni Leiper - absent)

## **ANDREW TAYLOR**

### **PUBLIC TRUSTEE/CHIEF EXECUTIVE**

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

Mr Taylor is Senior Member of the Public Trustee Investment Board, member of the Financial Services Council of Australia, member of the Australian Guardianship and Administration Council, member of the ACT Council on the Ageing and is past member of the ACT Ministerial Advisory Council on Ageing. He is trustee for GreaterGood-The Capital Region Community Foundation and an immediate past Trustee representing the Ministerial Council on the National Travel Compensation Fund Board of Trustees (representing Tasmania, South Australia and the ACT). Mr Taylor is Executive Sponsor for Respect Equity and Diversity and a Reconciliation Action Plan (RAP) Ambassador in the JACS Directorate.

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.

## **DOUG GILLESPIE**

### **DEPUTY PUBLIC TRUSTEE**

Doug Gillespie has 46 years experience in the Trustee industry, including 22 years with PTACT. His position has a strong technical focus on investment/funds 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.

Doug is an Associate of the Executor and Trustee Institute of Australia, a member of the Financial Planning Association (ACT Chapter) and is a Senior Associate of the Financial Services Institute of Australasia. He is the Public Trustee's representative on the board of GreaterGood - The Capital Region Community Foundation, Chair of Trustees for the AFL Canberra Foundation and is ACT Zone 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 ACT Law Society. Her responsibilities have a management, leadership and staff development focus. Her position assumes a quality control function with the editing and reviewing of work to ensure statutory compliance. Sue 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 22 years experience with the Public Trustee and, prior to that, 5 years with a superannuation trustee company. Joanne manages all Public Trustee accounting functions including office management, government trust accounts, taxation and has responsibility for financial reporting. She is also responsible for ensuring maximum return on cash investments.

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

**TONI LEIPER**  
**MANAGER - PERSONAL MANAGEMENT SERVICES**

Toni Leiper has had a lengthy career with PTACT and was appointed as Manager-Financial Management in 2006. She is responsible for overseeing and running the Unit. She has extensive experience in Public Trustee administration and has overall responsibility for the financial and property affairs of represented clients.

**REMUNERATION**

The Public Trustee is remunerated in accordance with a Determination of the Remuneration Tribunal as an ACT Government Executive. PTACT's staff members are remunerated in accordance with the JACS Enterprise Agreement 2011-13.



## PUBLIC TRUSTEE INVESTMENT BOARD

The Public Trustee Investment Board was established under the Public Trustee Act 1925 and advises the Public Trustee on investment matters and strategy. The Board has no governance responsibilities and does not provide advice to the Minister. A full report on the Public Trustee Investment Board is separately provided in this section of the Annual Report.



Public Trustee Investment Board - Andrew Taylor (Senior Member), Patrick McAuliffe, Glenys Roper, Tom Babic and Christine Goode

## PUBLIC TRUSTEE INTERNAL AUDIT COMMITTEE

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

## PUBLIC TRUSTEE MANAGEMENT COMMITTEE

The Public Trustee's Management Committee focuses on –

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

PTACT also prepares a Management Discussion and Analysis (MDA) at the close of each quarter. Among other things, the MDA provides an overview of the previous period of operation. The MDA also touches on the upcoming year, outlining future goals and approaches to new projects.

## INDEPENDENT ADVICE

PTACT engaged PricewaterhouseCoopers (PWC) in February 2011 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. In February 2012, PWC conducted PTACT's 5-yearly Review of Investment Strategy and Risk Management.

PTACT's Investment Board is comprised of one government and three non-government members who provide independent advice and guidance on investment matters.

## LEGAL ADVICE

In addition to in-house practicing solicitors, the Public Trustee takes advice from the ACT Government Solicitor and in client matters, through the private sector. Australian Public Trustees have also collectively taken advice as a group from the private sector in respect to a breach of intellectual property.

## 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.

## 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 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



**PUBLIC TRUSTEE INVESTMENT BOARD  
PUBLIC TRUSTEE FOR THE ACT**

**ANNUAL REPORT 2011/12**

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

The membership of the Investment board during 2011-12 was as follows–

Andrew Taylor	- Incumbent Public Trustee as Senior Member
Tom Babic	- 2 years to 3 March 2013
Roger Broughton	- to 2 March 2012
Christine Goode	- 3 years to 3 March 2015
Patrick McAuliffe	- 1 year to 3 March 2013
Glenys Roper	- 3 years to 3 March 2014

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 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 Patrick McAuliffe is currently Director, Investment Branch, ACT Treasury. Prior to that Mr McAuliffe was Manager, Central Financing Unit, Investment Branch, ACT Treasury. Mr McAuliffe is responsible for leading the development and implementation of key investment policies and strategies for the ACT and managing and accounting for the borrowings and investments of the Territory Banking Account. Mr McAuliffe brings a wealth of knowledge and experience in investment and funds management to the Board.

PTACT appointed PricewaterhouseCoopers in February 2011 to provide asset/markets consultancy services to the Board. PwC was contracted to undertake a review of PTACT's Investment and Risk Management and presented its report to the Board in February 2012.

The Board monitored the administration of PTACT's investment of common funds throughout a year of variable market performance. Due to appropriate diversification of the common fund risk models, the effects of large share market fluctuations were softened by good returns in the fixed interest market and, throughout the year, clients invested in risk models continued to receive a good consistent income yield.

#### MEETING ATTENDANCE TABLE

Board Member	Meeting			
	16.08.11	15.11.11	22.02.12	22.05.12
Andrew Taylor (Sen Member)	X	√	√	√
Tom Babic (apptd Mar 2011)	√	√	√	√
Glenys Roper	√	√	√	√
Christine Goode	√	√	√	√
Roger Broughton	X	√	X	*
Mr Patrick McAuliffe	**	**	**	√

\* Mr Broughton's term expired and did not seek re-appointed as retired.

\*\* Mr McAuliffe appointed 3 March 2012.

#### OUTCOMES

During the year the Board farewelled Mr Roger Broughton. Mr Broughton has been a long-standing and highly valued member of the Board and has now retired. Mr Broughton was replaced by Mr Patrick McAuliffe, also from ACT Treasury.

The following matters came before the Board for consideration-

1. Board proposed that an external review be conducted of PTACT's investment strategy and risk management by PricewaterhouseCoopers.



The purpose of this review was to:

- Determine whether the current investment objectives of each Risk Model are realistic and attainable
- Determine the appropriateness of the current investment objectives of each Risk Model and recommend revised objectives where we believe it appropriate to do so
- Determine the appropriateness of the current strategic asset allocations of each Risk Model and recommend revised strategic asset allocations where we believe it appropriate to do so
- Review the investment arrangements for perpetual, tax-exempt accounts and
- Review the investment strategy for clients approaching investment maturity.

PWC noted that PTACT has three Risk Models (in addition to a Capital Secure portfolio) and that its Total Return and Risk of Loss investment objectives are realistic, attainable and appropriate.

PWC noted a material risk that the Income Return objective of 5.0% pa for the Income Stable Risk Model would not be achieved by the Income Stable Risk Model based on market circumstances and recommended that the objective for that Model be reduced to 4.5% pa.

The Income Return objective of 2.5% pa for the Growth Risk Model should easily be attainable and is too low and recommended that the objective for that Model be increased to 3.5% pa.

The risk model minimum investment durations as advised from previous asset consultants are too short. PwC recommended more conservative durations to reduce the chance of capital loss for clients invested in those risk models and recommended adjustments as follows:

- Income Stable - extend from 1-4 years to 3-6 years
- Balanced - extend from 4-7 years to 6-10 years
- Growth - extend from 7+ years to 10+ years

The Investment Board agreed with the recommendation and PTACT has implemented the change.

PWC recommended that the strategic asset allocations of the existing PTACT portfolios be retained for the Income Stable, Balanced and Growth Risk Models.

PWC commented that there would be little benefit in PTACT creating a separate portfolio for charitable, tax exempt trusts as, although it could lead to higher returns and higher income, it would come at higher risk and materially less diversification.

PWC recommended that PTACT implement a new approach for the investment of maturing trusts to reduce the risk of capital losses in the final years of investment. The approach essentially involves gradually reducing risk by transitioning assets to a lower risk portfolio over time. After discussion and advice from PTACT's Investment Manager, the Board decided against implementing this recommendation.

- 2, Implemented the transfer of PTACT's Fixed Interest Fund from Suncorp Metway as an active manager to Vanguard Australia as a passive style manager.
- 3, Board noted PTACT's Fraud, Corruption and Risk Management Plan.

4. Board noted and provided comment on a paper prepared by PTACT on the most appropriate means of investing client funds in superannuation.
5. Supervision of and recommendation in respect to PTACT's internally managed Cash Common Fund with interest rates paid dropping from 5.00% at 1 July 2011 to 4.5% at 30 June 2012.

I wish to record my thanks to Board members, Tom Babic, Roger Broughton, Christine Goode, Glenys Roper, and Patrick McAuliffe together with Senior Deputy Public Trustee - Doug Gillespie, Deputy Public Trustee & Finance Manager, Joanne Thompson and David Stenhouse - Investments Officer as well as PricewaterhouseCoopers for their valuable advice and contribution to the office during 2011/12.



Andrew Taylor  
**SENIOR MEMBER/  
PUBLIC TRUSTEE**  
30 June 2012

clients' moneys are appropriately managed so that they have sufficient funds to permit a meaningful and quality life.

The ACT's cohort of older persons is rapidly increasing 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 in the two fiscal years since 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. The recent independent Review of Investment Strategy and Risk Management indicates that PTACT's Investment Strategy is appropriate for the next five years.

## **SUSTAINING COMMUNITY CONFIDENCE**

PTACT provides its services directly to the Canberra Community. Community confidence in our services and products is fundamental and client sentiment is routinely surveyed. Complaints and Ombudsman referrals are rigorously investigated and responded to by the Public Trustee. We provide editorials through the Canberra Times and the Canberra Chronicle 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 Financial Services Council of Australia (FSC), Australian Guardianship and Administration Council (AGAC) and Australian Public Trustees' Forum. We have a close working relationship with the Public Advocate of the ACT and the ACT Civil and Administrative Tribunal (ACAT) to achieve the best result for financial management clients. PTACT works closely with the JACS Directorate to contribute to the Directorate's strategies and outcomes. PTACT engages with the ACT Office for Ageing by sponsoring Life's Reflections each year. PTACT is a member of the ACT Council on the Ageing and actively contributes to Seniors Week activities through annual seminars and sponsorships.

## ENHANCING SKILL AND CAPABILITIES

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

PTACT seeks to attract people with qualifications/skills and personal qualities commensurate with the needs of the organisation. Given the consumer-driven demand for PTACT's services, it is vital that PTACT has the flexibility to grow as demand dictates and within the budgetary context. Succession planning is vital to PTACT given the age profile and skill sets of its senior managers. Skill development and a strong training budget is fundamental to succession planning.

## C.7 STAFFING PROFILE

### OUR STAFFING PROFILE

#### Full Time Equivalent Staff and Headcount

	FEMALE	MALE
FTE by Gender	25.3	12.8
Headcount by Gender	26	13
% of Workforce	67%	33%

#### Classifications

CLASSIFICATION GROUP	FEMALE	MALE	TOTAL
Administrative Officers	23	10	33
Executive Officers		1	1
Legal Officers	1	1	2
Senior Officers	2	1	3
TOTAL	26	13	39

#### Employment Category by Gender

EMPLOYMENT CATEGORY	FEMALE	MALE	TOTAL
Casual	0	0	0
Permanent Full-time	22	10	32
Permanent Part-time	2	0	2

EMPLOYMENT CATEGORY	FEMALE	MALE	TOTAL
Temporary Full-time	2	2	4
Temporary Part-time	0	1	1
TOTAL	26	13	39

Average Length of Service by Age by Gender

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

Average Length of Service by Gender

GENDER	AVERAGE LENGTH OF SERVICE
Female	6.4
Male	9.1
Total	7.3



## Age Profile

AGE GROUP	FEMALE	MALE	TOTAL
←20			
20-24			
25-29		4	4
30-34	3	4	7
35-39	2		2
40-44	1	1	2
45-49	8		8
50-54	5	1	6
55-59	6	1	7
60-64	1	2	3
65-69			
70+			

## Agency Profile

BRANCH/DIVISION	FTE	HEADCOUNT
PUBLIC TRUSTEE FOR ACT	38.1	39
<b>Total</b>	<b>38.1</b>	<b>39</b>

## Agency Profile by Employment Type

BRANCH/DIVISION	PERMANENT	TEMPORARY	CASUAL
PUBLIC TRUSTEE FOR ACT	34	5	0
<b>Total</b>	<b>34</b>	<b>5</b>	<b>0</b>

Equity and Workplace Diversity

	A	B	C		
	ABORIGINAL AND/OR TORRES STRAIT ISLANDER	CULTURALLY & LINGUISTICALLY DIVERSE	PEOPLE WITH A DISABILITY	EMPLOYEES WHO IDENTIFIED IN A, B OR C*	WOMEN
Headcount	0	5	0	5	26
% of Total Staff	0.0%	12.8%	0.0%	12.8%	66.7%

EMPLOYMENT ARRANGEMENTS

PTACT’s staff is engaged under the *Public Sector Management Act 1994*, as varied by the JACS Enterprise Agreement 2011-13.



## 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 to peers, coaches and mentors as well as formal education.

PTACT's unique nature brings with it an imperative to recruit and develop staff with experience, skills and qualifications across a number of industry sectors principally the trustee industry.

Our staff received training in the ACT Government's Respect, Equity and Diversity Framework through Bullying and Harassment seminars. Additionally, PTACT's staff accessed cross-cultural awareness training in the lead up to the launch of the JACS Reconciliation Action Plan (RAP).

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 collaboration between the Financial Services Council of Australia and the University of Western Sydney as well as the Financial Services Institute of Australasia.

During the reported year, approximately \$35,000 was spent towards staff training. In addition some \$15,000 of training was provided by the JACS Directorate.

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

INITIATIVE	PARTICIPANTS
Precedent Letter Database Training	20
Health and Work Place Safety Training	2
Records Management	3
Administer a Complex Trust	1
Administer Complex Estates	2
Administer Powers of Attorney or Financial Administration Orders	1
Prepare a Will	1
Intestacy Law	1
Conveyancing Issues	1
Excel for Beginners	3

INITIATIVE	PARTICIPANTS
Excel Beyond Beginners	2
Excel Intermediate Formulas	1
Excel Advanced Formulas	2
JACS Induction	10
Respect, Equity & Diversity - Bullying and Harassment Awareness Training	24
Justice of the Peace Training	1
Mental Health	35
Media Training	3
Dealing with Inappropriate Behaviour in the Workplace	6
Dealing with Difficult Calls	2
Aboriginal and Torres Strait Islander Awareness Training	10
Hot Heads and Cranky People Training	16
Diploma of Project Management (Bayley & Associates)	1
MA of Disability Studies	1
Sharepoint End User Essentials	1
Fire Warden Training (Evacuation in the first 5 minutes)	2
State Trustee Ltd and TACT Forum Conference	1
NTAA Tax Seminar	3
Authorised Persons under the Crimes Act Training	1
De-Escalation Training	1
RED Contact Officer Training	3
Code of Conduct seminar	3

## 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's 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 checks across PTACT's Risk strategies as well as implementing recommendations arising from external audits.

A Project Officer was 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 improve staff performance as well as the efficiency and effectiveness of a number of existing work practices.

It was agreed, subject to budget, that a dedicated Property Officer position would be created and filled in the first half of 2012-13. The purpose of doing so is to improve PTACT's management of property and to inject a degree of consistency and control into this important part of PTACT's responsibilities. This initiative will also free up individual Trust Officers to concentrate on their core responsibilities.

## C.9 WORKPLACE HEALTH AND SAFETY

PTACT has developed a Workplace Health and Safety and Injury Management Strategy. The JACS Annual Report includes PTACT statistics in respect to S.171 & 172 of the *Work Safety Act 2008*.

PTACT has two workplace health and safety representatives. Business Unit Managers undertook training in respect to the ACT Government's Respect, Equity and Diversity (RED) Framework as well as in eradicating bullying and harassment. The Public Trustee has accepted responsibility as the RED Executive Sponsor for the JACS Directorate and Kathryn Toy has undertaken the role of PTACT's RED Contact Officer.

Under PTACT's Workplace Health and Safety and Injury Management Strategy, the following health and safety initiatives were undertaken in 2011-12 –

- Monthly checks by Workplace Safety reps of protective clothing/equipment kits.
- Annual check and test of all duress alarms.
- Ergonomic seating provided to suit the individual needs of staff as required.
- Hazardous Chemicals Substance Register developed.
- Regular workplace inspections to cover all areas of identified risk.
- Influenza Vaccine administered to 28 PTACT staff.
- Tested and tagged all electrical appliances.
- Regular blood donations by three staff.
- First Aid Kit installed in the warehouse.
- Fire safety audit, fire evacuations and installation of fire safety signs.
- Acquired and displayed workplace safety posters.
- Tested smoke alarms and sprinklers.
- Bullying and harassment training provided to all PTACT staff.
- Three reimbursements made for staff eye-testing (\$599.00) and 14 claims for reimbursement of health and well-being initiatives (\$1,359.95).

The table below sets out PTACT's Incident Summary for 01/07/2011 – 30/06/2012 based upon information provided by the Workplace Injury Performance Unit of Chief Ministers Directorate.

STATUTORY OFFICE	SECTION 38 NOTIFIABLE INCIDENTS	INCIDENTS WITHOUT INJURY	MINOR INJURIES	LOST TIME INJURIES	TOTAL ALL INCIDENTS
Public Trustee for the ACT	0	2	1	0	3

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

The annual workers' compensation premium rate for 2012-13 is 2.27% and the premium for 2012-13 is \$61,844.51, representing a marginal increase of 1.82% on the premium rate of 2.23% and the premium of \$56,166.82 for 2011-12. This compares favourably with the ACTPS premium rate of 4.10%. This premium continues to reflect influences external to PTACT and is not indicative of the Public Trustee's claims history.

## C.10 WORKPLACE RELATIONS

This has been covered in the JACS Annual Report 2011-12.

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)
<b>SEAS</b>				
<b>Number of SEAs as at</b>				
<b>30 June 2012</b>	1	Nil	Nil	1
<b>Number of SEAs entered into during period</b>				
	1	Nil	Nil	1
<b>Number of SEAs terminated during period</b>				
	Nil	Nil	Nil	Nil
<b>The number of SEAs providing for privately plated vehicles as at 30 June 2012</b>				
	Nil	Nil	Nil	Nil

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 for employees who have transferred from AWAs during period	Nil	Nil	Nil	Nil
AWAs				
Number of AWAs as at 30 June 2012	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		\$138,462.00	
AWAs (includes AWAs ceased during period)	Nil		Nil	

## C.11 HUMAN RIGHTS ACT 2004

### TRAINING

All PTACT Managers attended a one-day course on workplace safety including harassment and bullying training.

### INFORMATION

Our staff members embrace the new ACT Public Service values and signature behaviours of respect, integrity, collaboration and innovation. 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 JACS Workplace Consultative Committee through which human rights information is disseminated to staff.

## C.12 STRATEGIC BUSHFIRE MANAGEMENT PLAN

This section is not relevant to PTACT's operations.

## C.13 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 \$8,250.00 in June 2012. 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 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 may also be used to store confiscated criminal assets awaiting liquidation. The warehouse is part of a unit title development consisting of four units. Building insurance is sourced through the owners' corporation whilst contents insurance is sourced through ACTIA.

The 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. The warehouse contains no hazardous materials.

During 2011-12 no significant assets were added to, or removed from, the Public Trustee's corporate assets register.



## OFFICE ACCOMMODATION

The Public Trustee employs 39 staff accommodated in 620 sq metres on the Ground Floor, 221 London Crct, Canberra City. All employees are accommodated in an office environment.

During the year, a further four workstations were acquired.

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

## C.14 CAPITAL WORKS

No Capital Works were undertaken during 2011-12.

## C.15 GOVERNMENT CONTRACTING

### PROCUREMENT PRINCIPLES AND PROCESSES

PTACT did not undertake any procurement activities during the year.

### EXTERNAL SOURCES OF LABOUR AND SERVICES

Contracts currently entered into and continuing include –

- 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. PWC also conducted a five-yearly Review of Investment and Risk Management for PTACT at a fee of \$36,850.00. This was paid out of the Public Trustee's Guarantee and Reserve Fund.
- Vanguard Investments Australia – Contract for the supply of Fund Manager Services in connection with PTACT's International Equities Fund and Listed Property Fund. Fee confirmed at 9 basis points – Accessed under existing contract with ACT Treasury.
- Tasman Asset Management Limited trading as Tyndall for services as Fund Manager for Australian Equities Common Fund – Rate .66% - contract dated November 2005
- 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 2011-12 - \$79,282.40 – Contract dated 1986 and reviewed 2006 (does not include software updates). This represents an increase of 3.26% over the amount paid for 2010-11. An additional \$28,534 (non-recurrent) was spent for further licenses and a further \$15,695.96 was spent on software modifications required for Income Tax reporting, Annual Interest Investment Report (AIIR), cheque printing and end of year "mirror".

- DPL for licence fees for the acquisition and ongoing use of the Chameleon Wills Drafting System. Annual licence fee - \$24,000.

## INTEREST PAID ON COMMERCIAL ACCOUNTS

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

## C.16 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 2010 - one week.	Engage with Seniors, a major PTACT client group.	\$4,000
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.17 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. Two PTACT staff attended training in Records Management during the reported year.

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

## LIAISON

PTACT is a member of the Australian Guardianship and Administration Council (AGAC). Through AGAC, PTACT made representations to government in respect to a number of issues affecting personal rights including -

- Cyber Safety for Older Persons;
- Personally Controlled Electronic Health Records; and
- Reducing Bulk Debt for Vulnerable People

## REVIEWS

Through AGAC, PTACT is apprised of and influences, human rights issues relating to Guardianship, Administration and Public Trustee matters in other Australian and international jurisdictions.

PTACT continues to work with AGAC to remove legislative barriers caused by the failure of jurisdictions to recognise each other's Enduring Powers of Attorney (EPA). AGAC is also seeking to influence the Smartraveller website by including information about services to travelers who become unwell whilst overseas and who may need repatriation.

## 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 their rights and we encourage and assist them 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 legal representation for clients.

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

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

## 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 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

Report prepared by Environment and Compliance Management, JACS as part of the JACS Annual Report.



PTACT received accreditation on the implementation of the ACTSmart Office Program in support of a wastewise community

## C.20 CLIMATE CHANGE AND GREENHOUSE GAS REDUCTION POLICIES AND PROGRAMS

Reported as part of the JACS Annual Report.

## C.21 ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

### ANNUAL PROGRESS AGAINST PERFORMANCE INDICATORS

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 have Community Service Obligations for members of the community under a disadvantage. These services include drafting Wills and Enduring Powers of Attorney and administration of deceased estates.

The Public Trustee was a member of the Reconciliation Action Plan (RAP) working group to develop the first JACS RAP completed in June 2012 and undertakes the role of JACS Executive Sponsor for Respect Equity and Diversity. PTACT provided \$800 by way of sponsorship towards the launch of the JACS Reconciliation Action Plan.

PTACT has collaborated with all Australian Public Trustees and The University of Queensland in the award of funding under the 2011 ARC Linkage Projects Scheme to conduct a study "Families and generational asset transfers: making and challenging Wills in contemporary Australia. The study will be conducted over four years and will consider a number of issues relevant to succession for indigenous Australians.

## C.22 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 and we seek to prudently manage any assets entrusted to us for their care and development.
Older People and Aged Care	PTACT 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 provides free Wills to women attending our Wills and Estates seminar during March and October.
Refugees, Asylum Seekers and Humanitarian Entrants	PTACT will provide services at no cost to those holding an ACT Services Access Card.
Intercultural Harmony and Religious Acceptance	PTACT provides a number of information seminars to people of diverse cultural and religious groups.

### C.23 ACT STRATEGIC PLAN FOR POSITIVE AGEING 2010-14

PTACT addressed community groups on 16 occasions during the year in respect to the importance of having an up to date Will and Enduring Power of Attorney. Additionally free public seminars were held in October 2011 during Wills Week and in March 2012 during Seniors Week. All persons in attendance were provided with a free Will.

### C.24 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 –

ECONOMIC	SOCIAL	ENVIRONMENTAL
<b>Strategic outcome</b>	<b>Strategic outcome</b>	<b>Strategic outcome</b>
Women and girls equally and fully participate in and benefit from the ACT economy	Women and girls equally and fully participate in sustaining their families and communities and enjoy community inclusion and wellbeing.	Women and girls equally and fully participate in planning and sharing an accessible and sustainable city.

ECONOMIC	SOCIAL	ENVIRONMENTAL
<b>Priority areas</b> <ul style="list-style-type: none"> <li>• Responsive education, training and lifelong learning</li> <li>• Flexible workplaces</li> <li>• Economic independence and opportunities</li> <li>• Leadership and decision making</li> </ul>	<b>Priority areas</b> <ul style="list-style-type: none"> <li>• Safe and respectful relationships</li> <li>• Good health and wellbeing</li> <li>• Safe and accessible housing</li> </ul>	<b>Priority areas</b> <ul style="list-style-type: none"> <li>• Safe and responsive transport and urban planning</li> <li>• Sustainable environment</li> </ul>
<b>Indicators of Progress</b> <p>Education &amp; training pathways for women and girls</p> <ul style="list-style-type: none"> <li>• Professional training and study assistance for female staff. Increased opportunities for the advancement of women in the workforce</li> <li>• PTACT has 3 female out of 4 Deputy Public Trustees. Increased economic leadership and decision-making opportunities for women and girls</li> <li>• Predominantly female staff - a large proportion of decision-making in respect to client and financial matters is made by female staff</li> <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>	<b>Indicators of Progress</b> <p>Recognition of women and girls' contribution to the community.</p> <ul style="list-style-type: none"> <li>• Nomination and award of four female staff in inaugural JACS Director-General's Awards. Increased community leadership and decision making opportunities for women and girls.</li> <li>• 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</li> </ul> <p>Affordable and accessible gender and culturally sensitive services.</p> <ul style="list-style-type: none"> <li>• PTACT addresses women's and ethnic representative groups on the above services. Pathways for women experiencing disadvantage, social exclusion and isolation.</li> <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> <li>• Public Trustee is appointed a JACS RED Executive Sponsor</li> </ul>	<b>Indicators of Progress</b> <p>Available opportunities for women and girls in decisions about urban planning, transport and the environment.</p> <ul style="list-style-type: none"> <li>• Not applicable</li> </ul> <p>Consideration towards women and girls' safety, security and accessibility when designing, building or retrofitting public facilities.</p> <ul style="list-style-type: none"> <li>• Not applicable.</li> </ul>

## C.25 MODEL LITIGANT GUIDELINES

PTACT does not undertake litigation in respect to government matters however 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.26 USE OF TERRORISM POWERS

Not relevant to PTACT's operations.

## C.27 NOTICES OF NON-COMPLIANCE

Not relevant to PTACT's operations.





**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**

The statement of performance of the Public Trustee for the ACT has been reviewed.

#### **Responsibility for the statement of performance**

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

#### **The auditor's responsibility**

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

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

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

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

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

### **Electronic presentation of the statement of performance**

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

### **Independence**

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

### **Review opinion**

Based on the review procedures, no matters have come to my attention which indicate that the results of the accountability indicators, reported in the statement of performance of the Public Trustee for the ACT for the year ended 30 June 2012, are not fairly presented in accordance with the *Financial Management Act 1995*.

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



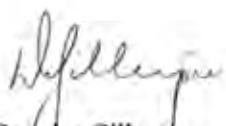
Bernie Sheville  
Director, Financial Audits  
12 September 2012

**Public Trustee for the A.C.T.  
Statement of Performance  
For the Year Ended 30 June 2012**

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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 2012 and also fairly reflects the judgements exercised in preparing them.



Douglas Gillespie  
Acting Chief Executive Officer  
Public Trustee ACT

13 September 2012

**PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2012**

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 2011-12	Actual Outcome 2011-12	Variance %	Notes
Number of current financial management accounts under orders of the ACT Civil and Administrative Tribunal (ACAT)	468	481	2.78	1
Number of active financial management accounts under Power of Attorney and Enduring Power of Attorney	61	56	(8.20)	2
Number of responses to community call outs following death	3	4	33.33	3
Number of welfare funerals arranged	3	1	(66.67)	4
Number of examinations of accounts provided from external managers under orders of the ACT Civil and Administrative Tribunal (ACAT)	380	425	11.84	5
Number of deceased estate administrations completed < \$100,000	36	40	11.11	6
Number of deceased estate administrations completed > \$100,000	37	68	83.79	6
Number of trusts held under legal liability < \$100,000	380	368	(3.16)	7
Number of trusts held under legal liability > \$100,000	45	49	8.89	7
Wills	720	704	(2.22)	8
Percentage of expenditure over total income	91%	86%	(5.49)	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 2011-12 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 2012**

**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 has increased over budget by 22.00% and is 4.85% higher than the previous year. Expenses have also increased as a result of the influx in business. Overall expenses have increased by 14.31% compared to budget and are 17.37% higher than the previous period. As a result the percentage of expenditure over income has decreased from the 2011-12 budget.



## 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

The financial statements of the Public Trustee for the ACT (the Public Trustee) have been audited. The financial statements are comprised of the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

#### Responsibility for the financial statements

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

#### The auditor's responsibility

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

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

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

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

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

**Electronic presentation of the audited financial statements**

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

**Independence**

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

**Audit opinion**

In my opinion, the financial statements of the Public Trustee for the year ended 30 June 2012:

- (i) are presented in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Public Trustee as at 30 June 2012 and the results of its operations and cash flows for the year then ended.

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



Bernie Sheville  
Director, Financial Audits  
2 August 2012



**Public Trustee for the A.C.T.  
Financial Statements  
For the Year Ended 30 June 2012**

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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 2012 and the financial position of the Public Trustee on that date.



Andrew Taylor  
Chief Executive Officer  
Public Trustee ACT

30 July 2012

Public Trustee for the A.C.T.  
Financial Statements  
For the Year Ended 30 June 2012

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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 2012 and the financial position of the Public Trustee on that date.



Joanne Thompson  
Chief Finance Officer  
Public Trustee ACT

30 July 2012

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012**

	<b>Note No.</b>	<b>Actual 2012 \$</b>	<b>Original Budget 2012 \$</b>	<b>Actual 2011 \$</b>
<b>INCOME</b>				
Government Payment for Outputs	4	682 000	682 000	669 000
User Charges	5	4 302 817	3 411 000	4 108 683
Interest	6	265 177	210 000	229 449
<b>Total Income</b>		<b>5 249 994</b>	<b>4 303 000</b>	<b>5 007 132</b>
<b>EXPENSES</b>				
Employee Expenses	7	3 026 021	2 654 000	2 584 869
Superannuation Expenses	8	416 314	370 000	385 410
Supplies and Services	9	945 594	863 000	817 302
Depreciation	10	108 031	46 000	42 999
<b>Total Expenses</b>		<b>4 495 960</b>	<b>3 933 000</b>	<b>3 830 580</b>
<b>Operating Surplus</b>		<b>754 034</b>	<b>370 000</b>	<b>1 176 552</b>
<b>Other Comprehensive Income</b>				
Increase in the Asset Revaluation Surplus		0	0	328 114
<b>Total Other Comprehensive Income</b>		<b>0</b>	<b>0</b>	<b>328 114</b>
<b>Total Comprehensive Income</b>		<b>754 034</b>	<b>370 000</b>	<b>1 504 666</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 2012**

	Note No.	Actual 2012 \$	Original Budget 2012 \$	Actual 2011 \$
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	13	5 184 305	4 048 000	4 577 538
Receivables	14	272 109	256 000	261 174
Other Assets	16	29 860	23 000	23 407
<b>Total Current Assets</b>		<b>5 486 274</b>	<b>4 327 000</b>	<b>4 862 119</b>
<b>NON-CURRENT ASSETS</b>				
Plant and Equipment	15	575 600	204 000	668 336
<b>Total Non-Current Assets</b>		<b>575 600</b>	<b>204 000</b>	<b>668 336</b>
<b>Total Assets</b>		<b>6 061 874</b>	<b>4 531 000</b>	<b>5 530 455</b>
<b>CURRENT LIABILITIES</b>				
Payables	17	292 690	121 000	111 635
Employee Benefits	18	1 118 499	869 000	973 385
Other Provisions	19	377 017	185 000	588 276
<b>Total Current Liabilities</b>		<b>1 788 206</b>	<b>1 175 000</b>	<b>1 673 296</b>
<b>NON CURRENT LIABILITIES</b>				
Employee Benefits	18	103 437	81 000	59 961
Other Liabilities	20	102 207	52 000	106 191
<b>Total Non-Current Liabilities</b>		<b>205 644</b>	<b>133 000</b>	<b>166 152</b>
<b>Total Liabilities</b>		<b>1 993 850</b>	<b>1 308 000</b>	<b>1 839 448</b>
<b>Net Assets</b>		<b>4 068 024</b>	<b>3 223 000</b>	<b>3 691 007</b>
<b>EQUITY</b>				
Accumulated Funds		3 739 910	3 223 000	3 362 893
Asset Revaluation Surplus	21	328 114	0	328 114
<b>Total Equity</b>		<b>4 068 024</b>	<b>3 223 000</b>	<b>3 691 007</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 2012**

	Accumulated Funds Actual 2012 \$	Asset Revaluation Surplus Actual 2012 \$	Total Equity Actual 2012 \$	Original Budget 2012 \$
<b>Balance at the Beginning of the Reporting Period</b>	<b>3 362 893</b>	<b>328 114</b>	<b>3 691 007</b>	<b>3 038 000</b>
<b>Comprehensive Income</b>				
Operating Surplus	754 034	0	754 034	370 000
<b>Total Comprehensive Income</b>	<b>754 034</b>	<b>0</b>	<b>754 034</b>	<b>370 000</b>
<b>Transactions Involving Owners Affecting Accumulated Funds</b>				
Dividend Approved	(377 017)	0	(377 017)	(185 000)
<b>Total Transactions Involving Owners Affecting Accumulated Funds</b>	<b>(377 017)</b>	<b>0</b>	<b>(377 017)</b>	<b>(185 000)</b>
<b>Balance at the End of the Reporting Period</b>	<b>3 739 910</b>	<b>328 114</b>	<b>4 068 024</b>	<b>3 223 000</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 2011**

	Accumulated Funds Actual 2011 \$	Asset Revaluation Surplus Actual 2011 \$	Total Equity Actual 2011 \$	Original Budget 2011 \$
<b>Balance at the Beginning of the Reporting Period</b>	<b>2 774 617</b>	<b>0</b>	<b>2 774 617</b>	<b>2 534 000</b>
<b>Comprehensive Income</b>				
Operating Surplus/ (Deficit)	1 176 552	0	1 176 552	(250 000)
Increase in the Asset Revaluation Surplus	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>
<b>Transactions Involving Owners Affecting Accumulated Funds</b>				
Dividend Approved	(588 276)	0	(588 276)	0
<b>Total Transactions 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  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note No.	Actual 2012 \$	Original Budget 2012 \$	Actual 2011 \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Operating Revenue		666 677	682 000	817 944
Management Fees		1 360 668	1 150 000	1 377 565
Commission Received		2 283 707	1 582 000	1 901 210
Interest Received		249 024	203 000	233 344
Cash from Government - Community Service Obligations		459 000	459 000	451 000
Cash from Government for Outputs		223 000	223 000	218 000
Goods and Services Tax Collected from Customers		405 073	335 000	358 455
Other		13 926	0	32 218
<b>Total Receipts from Operating Activities</b>		<b>5 661 075</b>	<b>4 634 000</b>	<b>5 389 736</b>
<b>Payments</b>				
Employee		2 849 904	2 670 000	2 536 028
Superannuation		413 841	358 000	383 440
Supplies and Services		761 809	852 000	838 887
Goods and Services Tax Paid to Suppliers		78 284	72 000	75 775
Goods and Services Tax Remitted to the Australian Taxation				
Office		320 611	266 000	275 763
Other		22 304	0	23 836
<b>Total Payments from Operating Activities</b>		<b>4 446 753</b>	<b>4 218 000</b>	<b>4 133 729</b>
<b>Net Cash Inflows from Operating Activities</b>	24(b)	<b>1 214 322</b>	<b>416 000</b>	<b>1 256 007</b>

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
CASH FLOW STATEMENT - CONTINUED  
FOR THE YEAR ENDED 30 JUNE 2012**

	Note No.	Actual 2012 \$	Original Budget 2012 \$	Actual 2011 \$
<b>Cash Flows from Investing Activities</b>				
<b>Payments</b>				
Purchase of Plant and Equipment		19 279	0	103 029
<b>Total Payments from Investing Activities</b>		<u>19 279</u>	<u>0</u>	<u>103 029</u>
<b>Net Cash (Outflows) from Investing Activities</b>		<u>(19 279)</u>	<u>0</u>	<u>(103 029)</u>
<b>Cash Flows from Financing Activities</b>				
<b>Payments</b>				
Payment of Dividends		588 276	263 000	0
<b>Total Payments from Financing Activities</b>		<u>588 276</u>	<u>263 000</u>	<u>0</u>
<b>Net Cash (Outflows) from Financing Activities</b>		<u>(588 276)</u>	<u>(263 000)</u>	<u>0</u>
<b>Net Increase in Cash and Cash Equivalents Held</b>		<u>606 767</u>	<u>153 000</u>	<u>1 152 978</u>
Cash and Cash Equivalents at the Beginning of the Reporting Period		4 577 538	3 895 000	3 424 560
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	24(a)	<u><u>5 184 305</u></u>	<u><u>4 048 000</u></u>	<u><u>4 577 538</u></u>

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



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
STATEMENT OF APPROPRIATION  
FOR THE YEAR ENDED 30 JUNE 2012**

	Original Budget 2012 \$	Total Appropriated 2012 \$	Appropriation Drawn 2012 \$	Appropriation Drawn 2011 \$
Government Payments for Outputs	682 000	682 000	682 000	669 000
<b>Total Appropriation</b>	<b>682 000</b>	<b>682 000</b>	<b>682 000</b>	<b>669 000</b>

The Original Budget column shows the amounts that appear in the Cash Flow Statement in the Budget Papers. This amount also appears in these financial statements, in the Cash Flow Statement.

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

The Appropriation Drawn is the total amount of appropriation received by the Agency during the year. This amount appears in these financial statements, in the Cash Flow Statement.

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 2012**

**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; and
- (ii) 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 separate reporting entity.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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 2012 together with the financial position of the Public Trustee as at 30 June 2012.

**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 2012**

**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. 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  
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**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.

Class of Asset	Depreciation/Amortisation	Useful Life (Years)
	Method	
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  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**o) Provision for Make Good**

The Public Trustee has recorded a liability and a corresponding asset of \$102,207 for the estimated cost of returning the premises occupied by the Public Trustee, to a similar condition which existed prior to the Public Trustee occupying the premises.

The estimated liability is based on an estimate provided by an independent valuer. (Mr Ian Robertson (AAPI, Plant 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 estimated using market yields on Commonwealth Government Bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2011-12, the rate used to estimate the present value of these future payments is 106.6% (92.2% in 2010-11).

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  
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**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, estates and Capital Region Community Foundation accounts which are administered by the Public Trustee.

**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  
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**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. See Note 15 *'Plant and Equipment'* for further information

*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. This cost has been estimated by an independent valuer.

**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 9 Financial Instruments (application date 1 January 2013);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- 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 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (application date 1 July 2013);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);
- AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (application date 1 July 2012);and



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

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

- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (application date 1 January 2013).

**3. CHANGE IN ACCOUNTING ESTIMATES**

*Estimate of Employee Benefits*

The Public Trustee estimates the present value of long service leave liabilities classified as long term. Last financial year the rate used to estimate the present value of these liabilities was 92.2%, however, due to a change in the Commonwealth Government bond rate the rate was changed to 106.6%.

As such the estimate of the long service leave liability has changed.

This change has resulted in an increase to the estimate of the long service leave liability and expense in the current reporting period of \$105,610.

**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.

	2012 \$	2011 \$
Government Payments for Outputs	223 000	218 000
Community Service Obligations	459 000	451 000
	<u>682 000</u>	<u>669 000</u>

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

	2012 \$	2011 \$
<b>User Charges – ACT Government</b>		
Commission Received (a)	418 510	382 458
<b>User Charges – Non ACT Government</b>		
Commission Received (b)	1 845 667	1 518 111
Management Fees (c)	1 358 751	1 394 882
Other Fees (d)	679 889	813 232
	<b>4 302 817</b>	<b>4 108 683</b>

(a) Commission revenue has increased due to an increase in the value of funds being invested during the year.

(b) Commission revenue has increased due to high value estates being managed.

(c) Management fee revenue has decreased due to an overall devaluation of the Common Fund Investments.

(d) A decrease in other fees has occurred due to a reduction in Unclaimed Moneys being received.

**6. INTEREST**

Interest Income	265 177	229 449
	<b>265 177</b>	<b>229 449</b>

Interest income fluctuates with changes in market interest rates. Whilst the overall return on investments decreased during the year, Cash and Cash Equivalents increased therefore providing an increased base for interest returns.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**7. EMPLOYEE EXPENSES**

	2012	2011
	\$	\$
Wages and Salaries (b)	2 748 045	2 476 316
Annual Leave Expense (c)	28 589	(3 984)
Long Service Leave Expense (c)	141 227	50 193
Termination payments/retirements (d)	62 163	13 271
Fringe Benefits Tax (e)	(7 000)	7 145
Workers Compensation Premiums (f)	49 304	38 516
Other Employee Expenses	3 713	3 413
<b>Total Employee Expenses (a)</b>	<b>3 026 021</b>	<b>2 584 869</b>

- a) The number of staff employed during the 2011-12 financial year fluctuated. There were 39 staff employed at the end of June 2012 (38 in 2011). Employee expenses increased by \$440,482 (17.04 per cent) in 2011-12 due to the reasons below.
- b) Salaries increased by \$271,730 (11 percent) mainly due to pay rises that included amounts to retain experienced staff and a small increase in staff numbers to assist with an increased workload.
- c) Annual and Long Service Leave Expenses increased mainly due to an increase in the rate used to estimate the present value of the annual and long service leave liabilities from 92.2 percent in 2011 to 106.6 percent in 2012.
- d) Termination payments/benefits increased due to retirement of a long term staff member.
- e) Fringe Benefits Tax decreased due to a reversal of an accrual from the end of the 2011 financial year.
- f) Workers Compensation Premiums increased due to increased salary costs and staffing numbers.

**8. SUPERANNUATION EXPENSES**

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

Superannuation payments are also made to external providers as part of the employee fund of choice arrangements, and to employment agencies for the contract staff it employs.

Superannuation Contributions to the Territory Banking Account	259 276	258 231
Productivity Benefit	37 002	37 317
Superannuation to External Providers	120 036	89 862
<b>Total Superannuation Expenses</b>	<b>416 314</b>	<b>385 410</b>

The increase in superannuation expenses is a result of an increase in staff numbers during the reporting period.

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

	2012	2011
	\$	\$
Business Development Costs (a)	126 151	83 312
Computer Expenses (a)	209 349	167 775
Motor Vehicle Expenses (b)	14 623	10 274
Rental Lease Payments/Cleaning (c)	256 965	207 052
Repairs/Maintenance	86 508	81 857
Printing/Stationery	48 076	42 763
Telephones	22 979	22 652
Staff Training	18 990	22 693
Postage	17 850	17 135
Audit Fee	38 116	36 120
Subscriptions/Memberships (d)	9 047	14 299
Office Equipment	10 089	13 646
Travel Expenses	6 399	4 159
Insurance Risk Management Levy	25 606	27 090
Other Expenses	30 900	36 257
Electricity	6 952	8 215
Recruitment costs (e)	10 533	3 555
Bank Charges (f)	5 998	10 401
Meeting Expenses (g)	463	8 047
	<b>945 594</b>	<b>817 302</b>

- (a) There was an increase in Business Development Costs and computer expenses in 2011-12 due to the implementation of new procedures and practices in relation to the management of client records.
- (b) The increase in Motor Vehicle Expenses is due to an increase in leasing costs in 2011-12.
- (c) Due to a change in the lease in 2011, including increased floor space, rental and associated costs have increased.
- (d) Membership of the Trustee Corporation Association (TCA) was terminated during 2011-12. The TCA ceased trading.
- (e) Recruitment costs increased in 2011-12 due to the appointment of a new Taxation Officer.
- (f) Bank Charges decreased due to the implementation of more streamlined payment practices.
- (g) Meeting expenses declined in 2011-12 due to costs in relation to board meetings being reclassified into Business Development costs.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
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**10. DEPRECIATION**

	2012 \$	2011 \$
Plant and Equipment	108 031	42 999
	<u>108 031</u>	<u>42 999</u>

Depreciation costs increased as a result of assets being revalued upwards at the end of June 2011.

**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.

Ordinary Activities	No.	2012 \$	No.	2011 \$
<b>Write-offs</b>				
Irrecoverable Debts	6	2 755	5	3 990
<b>Total Write-offs</b>		<u>2 755</u>		<u>3 990</u>

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.

	2012 \$	2011 \$
Audit Fees Paid to the ACT Auditor-General's Office	38 116	36 120

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
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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 with various financial institutions at call throughout the year. The weighted average interest rate returned on these investments was 6.00% (2011 6.50%).

	2012 \$	2011 \$
Cash at Bank	383 705	626 938
Cash on Hand	600	600
Investments	4 800 000	3 950 000
	<b>5 184 305</b>	<b>4 577 538</b>

Cash and Cash Equivalents increased due to additional funds being available as a result of increased income.

**14. RECEIVABLES**

**Current Receivables**

Trade Receivables	208 717	215 795
Less: Allowance for Impairment Losses	0	0
	<b>208 717</b>	<b>215 795</b>
Other Receivables	2 955	1 095
	<b>211 262</b>	<b>216 890</b>
Accrued Revenue	60 437	44 284
	<b>272 109</b>	<b>261 174</b>

**Ageing of Receivables**

	Not Overdue \$	Less than 30 Days \$	Past Due 30 to 60 Days \$	Greater than 60 Days \$	Total \$
<b>2012</b>					
Not Impaired Receivables	272 109	0	0	0	272 109
Impaired Receivables	0	0	0	0	0
<b>2011</b>					
Not Impaired Receivables	261 174	0	0	0	261 174
Impaired Receivables	0	0	0	0	0

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
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**14. RECEIVABLES (Continued)**

	2012 \$	2011 \$
<b>Classification of ACT Government//Non-ACT Government Receivables</b>		
<b>Receivables with Other ACT Government Entities</b>		
Net Trade Receivables	40 181	45 150
Other Receivables	2 924	0
<b>Total Trade Receivables with Other ACT Government Entities</b>	<b>43 105</b>	<b>45 150</b>
<b>Trade Receivables with Non-ACT Government Entities</b>		
Net Trade Receivables	168 536	170 645
Other Receivables	31	1 095
Accrued Revenue	60 437	44 284
<b>Total Trade Receivables with Non-ACT Government Entities</b>	<b>229 004</b>	<b>216 024</b>
<b>Total Trade Receivables</b>	<b>272 109</b>	<b>261 174</b>

**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 fair value)	11 000	11 000
Less: Accumulated Depreciation	(2 750)	(1 375)
	<u>8 250</u>	<u>9 625</u>

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

Furniture and Fittings (at fair value)	69 504	69 504
Less: Accumulated Depreciation	(10 694)	(3 580)
	<u>58 810</u>	<u>65 924</u>

Computer Equipment (at fair value)	1 434	1 434
Less: Accumulated Depreciation	(287)	0
	<u>1 147</u>	<u>1 434</u>

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

	2012 \$	2011 \$
Office Fitout (at fair value)	477 690	477 690
Plus: Additions (at cost)	19 279	0
Plus: Make Good Provision	102 207	106 191
Less: Accumulated Depreciation	(97 761)	0
	<u>501 415</u>	<u>583 881</u>
Security System (at fair value)	7 472	7 472
Less: Accumulated Depreciation	(1 494)	0
	<u>5 978</u>	<u>7 472</u>
<b>Total Plant and Equipment</b>	<b>567 100</b>	<b>567 100</b>
<b>Plus: Additions</b>	<b>19 279</b>	<b>0</b>
<b>Plus: Make Good Provision</b>	<b>102 207</b>	<b>106 191</b>
<b>Less: Accumulated Depreciation</b>	<b>(112 986)</b>	<b>(4 955)</b>
<b>Total Carrying Value</b>	<b><u>575 600</u></b>	<b><u>668 336</u></b>

The balances at 30 June 2012 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 the Australian Valuation Office, Canberra Office and the motor vehicle was valued by Daniel Hallam General Vehicle Manager/Valuer of Pickles Auctions and was assessed.

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.**

<b>Motor Vehicle</b>		
Carrying amount at the Beginning of the Reporting Period	9 625	11 000
Revaluation increment	0	0
Depreciation	(1 375)	(1 375)
Carrying Amount at the End of the Reporting Period	<u>8 250</u>	<u>9 625</u>



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
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	2012	2011
	\$	\$
<b>15. PLANT AND EQUIPMENT (Continued)</b>		
<b>Furniture and Fittings</b>		
Carrying amount at the Beginning of the Reporting Period	65 924	12 496
Additions	0	30 245
Revaluation increment	0	27 438
Depreciation	(7 114)	(4 255)
Carrying Amount at the End of the Reporting Period	<u>58 810</u>	<u>65 924</u>
<b>Computer Equipment</b>		
Carrying amount at the Beginning of the Reporting Period	1 434	685
Revaluation increment	0	886
Depreciation	(287)	(137)
Carrying Amount at the End of the Reporting Period	<u>1 147</u>	<u>1 434</u>
<b>Office Fitout</b>		
Carrying amount at the Beginning of the Reporting Period	583 881	198 350
Additions	19 279	72 784
Increase in Make Good Provision	(3 984)	54 091
Revaluation increment	0	295 173
Depreciation	(97 761)	(36 517)
Carrying Amount at the End of the Reporting Period	<u>501 415</u>	<u>583 881</u>
<b>Security System</b>		
Carrying amount at the Beginning of the Reporting Period	7 472	3 569
Revaluation increment	0	4 617
Depreciation	(1 494)	(714)
Carrying Amount at the End of the Reporting Period	<u>5 978</u>	<u>7 472</u>
<b>16. OTHER ASSETS</b>		
<b>Current Other Assets</b>		
Prepayments	29 860	23 407
	<u>29 860</u>	<u>23 407</u>

Prepayments increased due to a number of additional invoices being received and paid prior to year-end which relate to the 2012-13 financial year.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

**17. PAYABLES**

	2012 \$	2011 \$
<b>Current Payables</b>		
Trade Payables	292 690	111 635
<b>Total Current Payables</b>	<b>292 690</b>	<b>111 635</b>
<b>Payables are aged as follows:</b>		
Not Overdue	283 236	102 018
Overdue for less than 30 Days	0	0
Overdue for more than 30 Days and less than 60 Days	0	163
Overdue for more than 60 Days	9 454	9 454
<b>Total Current Payables</b>	<b>292 690</b>	<b>111 635</b>
<b>Classification of ACT Government/Non-ACT Government Payables</b>		
<b>Payables with ACT Government Entities</b>		
Trade Creditors	215 541	10 511
<b>Total Payables with ACT Government Entities</b>	<b>215 541</b>	<b>10 511</b>
<b>Payables with Non-ACT Government Entities</b>		
Trade Creditors	77 149	101 124
<b>Total Payables with Non-ACT Government Entities</b>	<b>77 149</b>	<b>101 124</b>
<b>Total Current Payables</b>	<b>292 690</b>	<b>111 635</b>

The increase in payables is mainly attributable to invoices from suppliers being dated prior to 30 June 2012 and being received after year end.

The amounts overdue for more than 60 days relate to accounts that are in dispute with the supplier

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

**18. EMPLOYEE BENEFITS**

	2012 \$	2011 \$
<b>Current Employee Benefits</b>		
Accrued Salaries	88 477	69 682
Annual Leave	346 346	317 777
Long Service Leave	683 676	585 926
<b>Total Current Employee Benefits</b>	<b>1 118 499</b>	<b>973 385</b>
<b>Non- Current Employee Benefits</b>		
Long Service Leave	103 437	59 961
<b>Total Employee Benefits</b>	<b>1 221 936</b>	<b>1 033 346</b>

*For disclosure purposes only*

**Estimated Amount Payable within 12 Months (Short-term)**

Accrued Salaries	88 477	69 682
Annual Leave	346 346	317 777
Long Service Leave	5 306	7 387

**Total Employee Benefits Payable within 12 months**

**440 129      394 846**

**Estimated Amount Payable after 12 Months (Long-term)**

Long Service Leave	781 807	638 500
--------------------	---------	---------

**781 807      638 500**

**Total Employee Benefits**

**1 221 936      1 033 346**

At the end of the 2012 financial year, the Public Trustee for the Australian Capital Territory had 39 staff employed. (2011 – 38 staff). The increase in employee provisions is mostly attributable to the impact of the present value factor on the long services leave provision.

**19. OTHER PROVISIONS**

**Current**

Provision for Dividends	377 017	588 276
<b>Total Other Provisions</b>	<b>377 017</b>	<b>588 276</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**19. OTHER PROVISIONS (CONTINUED)**

The decrease in the Provision for Dividend relates directly to the decrease in the Operating Surplus as at 30 June 2012.

The Public Trustee has proposed a final dividend of \$377,017 and this amount was authorised to be paid before the end of the reporting period. The amount will be paid to the ACT Government in the 2012-13 financial year.

**19. OTHER LIABILITIES**

	2012 \$	2011 \$
Provision for Make Good	102 207	106 191
<b>Total Other Liabilities</b>	<b>102 207</b>	<b>106 191</b>

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

**20. EQUITY**

**Asset Revaluation Surplus**

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

Balance at the Beginning of the Reporting Period	328 114	0
Increment in Plant and Equipment due to Revaluation	0	328 114
<b>Balance at the End of the Reporting Period</b>	<b>328 114</b>	<b>328 114</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.

**22. FINANCIAL INSTRUMENTS**

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

**(a) Interest Rate Risk**

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

The Public Trustee's financial assets consist of cash and cash equivalents and receivables and its financial liabilities are comprised of payables. Most of the Public Trustee's financial assets consist of cash and cash equivalents. As



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**22. FINANCIAL INSTRUMENTS (CONTINUED)**

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

these are held in floating interest rate 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 22 (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 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.

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.

The Public Trustee's maximum exposure to credit risk relating to these cash equivalents is shown below in Note 22 (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.

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 22 (e): *'Maturity Analysis and Exposure to Interest Rates'*.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

21. FINANCIAL INSTRUMENTS (CONTINUED)

(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 2012 \$	Fair Value 2012 \$	Carrying Amount 2011 \$	Fair Value 2011 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	5 184 305	5 184 305	4 577 538	4 577 538
Receivables	211 672	211 672	216 890	216 890
<b>Total Financial Assets</b>	<b>5 395 977</b>	<b>5 395 977</b>	<b>4 794 428</b>	<b>4 794 428</b>
<b>Financial Liabilities</b>				
Payables	292 690	292 690	111 635	111 635
<b>Total Financial Liabilities</b>	<b>292 690</b>	<b>292 690</b>	<b>111 635</b>	<b>111 635</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**22 FINANCIAL INSTRUMENTS (CONTINUED)**

**(e) Maturity Analysis and Exposure to Interest Rates**

The following table sets out the Public Trustee's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2012. 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	Weighted Average Interest Rate	Fixed Interest Maturing In				Non-Interest Bearing \$'000	Total \$'000
			Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
<b>Financial Instruments</b>								
<b>Financial Assets</b>								
Cash and Cash Equivalents	5.00%		383 705	4 800 000	0	0	600	5 184 305
Receivables			0	0	0	0	211 672	211 672
<b>Total Financial Assets</b>			<b>383 705</b>	<b>4 800 000</b>	<b>0</b>	<b>0</b>	<b>212 272</b>	<b>5 395 977</b>
<b>Financial Liabilities</b>								
Payables			0	0	0	0	292 690	292 690
<b>Total Financial Liabilities</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>292 690</b>	<b>292 690</b>
<b>Net Financial Assets/(Liabilities)</b>			<b>383 705</b>	<b>4 800 000</b>	<b>0</b>	<b>0</b>	<b>(80 418)</b>	<b>5 103 287</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**22. FINANCIAL INSTRUMENTS (CONTINUED)**

**(e) 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 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	Weighted Average Interest Rate	Fixed Interest Maturing In				Non-Interest Bearing \$'000	Total \$'000
			Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents		6.50%	626 938	3 950 000	0	0	600	4 577 538
Receivables			0	0	0	0	216 890	216 890
Total Financial Assets			626 938	3 950 000	0	0	217 490	4 794 428
Financial Liabilities								
Payables			0	0	0	0	111 635	111 635
Total Financial Liabilities			0	0	0	0	111 635	111 635
Net Financial Assets/(Liabilities)								
			626 938	3 950 000	0	0	105 855	4 682 793



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**23. COMMITMENTS**

**Operating Leases**

Non-Cancellable Operating Lease Commitments are Payable as follows:

	2012 \$	2011 \$
Not later than one year	275 184	254 315
Later than one year but not later than five years	893 374	1 123 138
Later than five years but not later than ten years	0	0
<b>Total Operating Lease Commitments</b>	<b>1 168 558</b>	<b>1 377 453</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).

**24. 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	5 184 305	4 577 538
<b>Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement</b>	<b>5 184 305</b>	<b>4 577 538</b>

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012

24. RECONCILIATION OF CASH AND CASH EQUIVALENTS (CONTINUED)

CASH FLOW RECONCILIATION (Continued)

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

	2012 \$	2011 \$
Operating Surplus	754 034	1 176 552
<b>Add Non-Cash Items</b>		
Depreciation	108 031	42 999
<b>Cash Before Changes in Operating Assets and Liabilities</b>	<b>862 065</b>	<b>1 219 551</b>
<b>Changes in Operating Assets and Liabilities:</b>		
(Increase) in Receivables	(10 935)	(14 087)
(Increase) in Prepayments	(6 453)	(2 174)
Increase in Payables	181 055	8 252
Increase in Employee Benefits	188 590	44 446
<b>Net Changes in Operating Assets and Liabilities</b>	<b>352 257</b>	<b>36 457</b>
<b>Net Cash Inflows from Operating Activities</b>	<b>1 214 322</b>	<b>1 256 007</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 2012 have been audited. These comprise the operating statements for the Common Fund Interest Account and Guarantee and Reserve Account, balance sheet, statement of changes in equity, cash flow statement and accompanying notes.

##### Responsibility for the financial statements

The Chief Executive Officer of the Public Trustee 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

I am responsible for expressing 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 obtain reasonable assurance that the financial statements are free of material misstatement.

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

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

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

**Electronic presentation of the audited financial statements**

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of these 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 2012:

- (i) are presented in accordance with Australian 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 2012 and the results of its operations and cash flows for the year then ended.

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



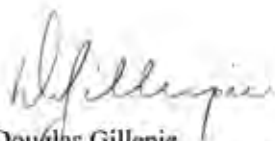
Bernie Sheville  
Director, Financial Audits  
14 September 2012

**Public Trustee for the A.C.T.  
Trust Account  
Financial Statements  
For the Year Ended 30 June 2012**

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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 2012 and the financial position of the Public Trustee Trust Accounts on that date.



Douglas Gilleppe  
Acting Chief Executive Officer  
Public Trustee ACT

13 September 2012



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
OPERATING STATEMENT - COMMON FUND INTEREST ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2012**

	2012 \$	2011 \$
<b>INCOME</b>		
Dividends Received	2 256 074	4 518 099
Interest Received	3 804 235	3 817 022
Other Income	83 687	0
	<b>6 143 996</b>	<b>8 335 121</b>
<b>EXPENDITURE</b>		
Interest paid to Estates and Trusts	3 074 557	3 105 855
Distributions to Estates and Trusts	1 817 646	3 616 890
Management Fees	1 439 889	1 600 410
Custodian Fees	14 227	25 124
	<b>6 346 319</b>	<b>8 348 279</b>
<b>NET OPERATING (DEFICIT)/SURPLUS</b>	<b>(202 323)</b>	<b>(13 158)</b>

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 2012**

	2012 \$	2011 \$
<b>INCOME</b>		
Interest Received	130 247	127 031
	<b>130 247</b>	<b>127 031</b>
<b>EXPENDITURE</b>		
Management Fees	23 231	22 165
Income Commission	5 870	6 440
Consultancy Fee	36 850	0
Depreciation	15 250	15 250
	<b>81 201</b>	<b>43 855</b>
<b>NET OPERATING SURPLUS</b>	<b>49 046</b>	<b>83 176</b>

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 2012**

	Notes	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	69 146 204	68 185 251
Accrued Investment Income	4	1 231 906	2 391 650
Unrealised Assets	5	84 802 795	94 993 829
<b>TOTAL CURRENT ASSETS</b>		<b>155 180 905</b>	<b>165 570 730</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	6	274 500	289 750
Investments	3	50 114 114	53 965 320
<b>TOTAL NON-CURRENT ASSETS</b>		<b>50 388 614</b>	<b>54 255 070</b>
<b>TOTAL ASSETS</b>		<b>205 569 519</b>	<b>219 825 800</b>
<b>CURRENT LIABILITIES</b>			
Trust Liabilities	7	1 198 977	2 139 180
<b>TOTAL CURRENT LIABILITIES</b>		<b>1 198 977</b>	<b>2 139 180</b>
<b>NON-CURRENT LIABILITIES</b>			
Estates, Trusts etc under Administration	8	201 818 609	214 981 410
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>201 818 609</b>	<b>214 981 410</b>
<b>TOTAL LIABILITIES</b>		<b>203 017 586</b>	<b>217 120 590</b>
<b>NET ASSETS</b>		<b>2 551 933</b>	<b>2 705 210</b>
<b>EQUITY</b>			
Common Fund		(4 260)	198 063
Guarantee and Reserve Account		2 270 165	2 221 119
Asset Revaluation Surplus	11	286 028	286 028
<b>TOTAL EQUITY</b>		<b>2 551 933</b>	<b>2 705 210</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 (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

	Common Fund Actual 2011 \$'000	Guarantee and Reserve Account Actual 2011 \$'000	Asset Revaluation Surplus 2011 \$'000	Total Equity Actual 2011 \$'000
Balance at the Beginning of the Reporting Period	211 221	2 137 943	286 028	2 635 192
Comprehensive Income				
Operating Surplus – Common Fund	(13 158)	0	0	(13 158)
Operating Surplus – Guarantee and Reserve account	0	83 176	0	83 176
Total Comprehensive Income	(13 158)	83 176	0	70 018
Balance at the End of the Reporting Period	198 063	2 221 119	286 028	2 705 210

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 (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

	Common Fund Actual 2011 \$'000	Guarantee and Reserve Account Actual 2011 \$'000	Asset Revaluation Surplus 2011 \$'000	Total Equity Actual 2011 \$'000
Balance at the Beginning of the Reporting Period	211 221	2 137 943	286 028	2 635 192
Comprehensive Income				
Operating Surplus – Common Fund	(13 158)	0	0	(13 158)
Operating Surplus – Guarantee and Reserve account	0	83 176	0	83 176
Total Comprehensive Income	(13 158)	83 176	0	70 018
Balance at the End of the Reporting Period	198 063	2 221 119	286 028	2 705 210

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 2012**

	Notes	2012 \$	2011 \$
<b>Cash Flows from Operating Activities</b>			
<b>Receipts</b>			
Interest Received		3 963 630	3 553 216
Dividends Received		2 311 292	2 154 543
<b>Total Receipts from Operating Activities</b>		<b>6 274 922</b>	<b>5 707 759</b>
<b>Payments</b>			
Management and Other Fees		1 493 595	2 167 883
<b>Total Payments from Operating Activities</b>		<b>1 493 595</b>	<b>2 167 883</b>
<b>Net Cash Inflows from Operating Activities</b>	10	<b>4 781 327</b>	<b>3 539 876</b>
<b>Cash Flows from Investing Activities</b>			
<b>Receipts</b>			
Proceeds from the Sale/Maturity of Investments		2 052 284	19 841 038
<b>Total Receipts from Investing Activities</b>		<b>2 052 284</b>	<b>19 841 038</b>
<b>Payments</b>			
Purchase of Investments		1 037 895	20 071 605
<b>Total Payments from Investing Activities</b>		<b>1 037 895</b>	<b>20 071 605</b>
<b>Net Cash Inflows/(Outflows) from Investing Activities</b>		<b>1 014 389</b>	<b>(230 567)</b>

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 2012**

	Notes	2012 \$	2011 \$
<b>Cash Flows from Financing Activities</b>			
Net (Payments)/Receipts to Trusts and Estates		( 4 834 763)	13 118 532
<b>Total Payments from Financing Activities</b>		<u>( 4 834 763)</u>	<u>13 118 532</u>
<b>Net Cash (Outflows)/Inflows from Financing Activities</b>		<u>( 4 834 763)</u>	<u>13 118 532</u>
<b>Net Increase in Cash and Cash Equivalents</b>		960 953	16 427 841
Cash and Cash Equivalents at Beginning of the Reporting Period		<u>68 185 251</u>	<u>51 757 410</u>
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	<b>9</b>	<u><u>69 146 204</u></u>	<u><u>68 185 251</u></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  
FOR THE YEAR ENDED 30 JUNE 2012**

**1. ACTIVITIES OF THE PUBLIC TRUSTEE**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The 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 2012 together with the financial position of the Trust Account as at 30 June 2012.

**c) Rounding**

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

**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  
FOR THE YEAR ENDED 30 JUNE 2012**

**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  
FOR THE YEAR ENDED 30 JUNE 2012**

**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, unit based assets are valued at the end of June based on current market values and all other assets are valued at cost.

*(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 9 Financial Instruments (application date 1 January 2013);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- 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);



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (application date 1 July 2013);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);
- AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (application date 1 July 2012); and
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (application date 1 January 2013).

(l) Correction of Prior Period Errors

The Trust has identified several immaterial prior period errors, which have been corrected in the 2010-11 figures throughout this report.

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**

	2012 \$	2011 \$
Cash at Bank	69 146 204	68 185 251
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>69 146 204</b>	<b>68 185 251</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.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**3. CASH AND CASH EQUIVALENTS AND INVESTMENTS (CONTINUED)**

**INVESTMENTS**

Australian Equities Common Fund	19 617 304	22 045 271
Australian Fixed Interest Common Fund	19 014 632	19 844 756
Australian Listed Property Common Fund	3 921 254	4 126 098
International Equities Common Fund	7 560 924	7 949 195
<b>TOTAL INVESTMENTS</b>	<b>50 114 114</b>	<b>53 965 320</b>

The decrease in the balance of Common Fund investments is due to a decrease of funds invested together with an overall devaluation of these investments.

**4. ACCRUED INVESTMENT INCOME**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Interest Receivable	908 892	938 040
Dividend Receivable	323 014	1 453 610
	<b>1 231 906</b>	<b>2 391 650</b>

The decrease in accrued investment income relates directly to lower interest rates and dividends being received on maturing investments.

**5. UNREALISED ASSETS**

Unrealised assets have been brought to account as follows:

Real Estate	36 682 526	43 063 316
Nursing Home/Retirement Village Bonds	7 643 724	7 311 467
Shares	5 934 035	7 780 961
Superannuation Policies	30 561 175	31 025 639
Prepaid Funerals	83 201	0
Investments	3 704 647	5 435 209
Personal Effects	193 487	377 237
	<b>84 802 795</b>	<b>94 993 829</b>

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**6. PROPERTY**

Leasehold building	305 000	305 000
Less: Accumulated Depreciation	<u>(30 500)</u>	<u>(15 250)</u>
	<u>274 500</u>	<u>289 750</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.

**7. TRUST LIABILITIES**

Trust liabilities have been brought to account as follows.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Mortgages	505 967	459 117
Funeral Expenses	35 425	5 555
Bank Loans and Credit Cards	46 698	241
Medical/Dental Costs	31 401	41 803
Property/Utility Costs	28 272	37 020
Sundry Debts	42 842	119 205
Dividends to be distributed	323 014	1 289 689
Accrued Management Fee	<u>185 358</u>	<u>186 550</u>
	<u>1 198 977</u>	<u>2 139 180</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  
FOR THE YEAR ENDED 30 JUNE 2012**

**8. ESTATES AND TRUSTS UNDER ADMINISTRATION**

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

Deceased Estates	29 853 399	41 437 840
Power of Attorney	15 361 353	16 129 703
Court Trusts	78 113 596	81 303 143
Protected Estates	2 011 107	893 275
Estate Trusts	20 086 269	20 624 574
Proceeds of Crime	493 515	3 791
Community Trusts	2 700 073	2 079 184
Management Orders	34 953 722	33 016 768
Unclaimed Monies	18 246 638	19 493 458
Other	(1 063)	(326)
	<u>201 818 609</u>	<u>214 981 410</u>

Due to a decrease in the value of client portfolios, the value of client funds under Administration has decreased accordingly.

**8. ESTATES AND TRUSTS UNDER ADMINISTRATION (CONTINUED)**

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 from 1 July 2011 to 30 June 2012.

**9. RECONCILIATION OF CASH**

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

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	69 146 204	68 185 251
Total Cash and Cash Equivalents	<u>69 146 204</u>	<u>68 185 251</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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

Operating (Deficit) – Common Fund	(202 323)	(13 158)
Operating Surplus - Guarantee and Reserve Account	49 046	83 176

**Add / (Less) Non Cash Items**

Depreciation	15 250	15 250
Dividends Received – Australian Equities Common Fund	(1 075 378)	(909 946)
Other Income	(83 687)	0
Distributions Paid to Estates and Trusts	1 817 646	3 616 890
Interest Paid to Estates and Trusts	3 074 557	3 105 855

**Net Cash Inflow Before Changes in Operating Assets and Liabilities**

3 595 111      5 898 067

**Changes in Operating Assets and Liabilities**

Decrease / (Increase) in Accrued Investment Income	1 159 744	(1 844 447)
Increase / (Decrease) in Trust Liabilities	26 472	(513 744)

**Net Change in Operating Assets and Liabilities**

1 186 216      (2 358 191)

**Net Cash Inflows/ (Outflows) from Operating Activities**

4 781 327      3 539 876

**11. EQUITY**

Asset Revaluation Surplus	286 028	286 028
Balance at the End of the Reporting Period	286 028	286 028

**12. 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.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**12. FINANCIAL INSTRUMENTS (CONTINUED)**

**(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 12(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 2012 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.

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 provides assurance 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 12(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.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**12 FINANCIAL INSTRUMENTS (CONTINUED)**

The Public Trustee's maximum exposure to liquidity risk relating to these financial assets and liabilities is shown below in Note 12(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.

**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 +/- 4.39%, which is one standard deviation from the 2011-12 average unit price.

	Carrying Amount	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Investments	50 114 114	(2 200 010)	(2 200 010)	2 200 010	2 200 010

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**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 2012 \$	Fair Value 2012 \$	Carrying Amount 2011 \$	Fair Value 2011 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	69 146 204	69 146 204	68 185 251	68 185 251
Investments	50 114 114	50 114 114	53 965 320	53 965 320
<b>Total Financial Assets</b>	<b>119 260 318</b>	<b>119 260 318</b>	<b>122 150 571</b>	<b>122 150 571</b>
<b>Financial Liabilities</b>				
Trust Liabilities	1 198 977	1 198 977	2 139 180	2 139 180
<b>Total Financial Liabilities</b>	<b>1 198 977</b>	<b>1 198 977</b>	<b>2 139 180</b>	<b>2 139 180</b>

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

2012	Classification According to Fair Value Hierarchy			
	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Investments with the Public Trustee Common fund				
Equities Common Fund	19 617 304	0	0	19 617 304
Fixed Interest Common Fund-	19 014 632	0	0	19 014 632
International Equities Common Fund	7 560 924	0	0	7 560 924
Listed Property Common Fund	3 921 254	0	0	3 921 254
	50 114 114	0	0	50 114 114

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**12. FINANCIAL INSTRUMENTS (CONTINUED)**

**f) Fair Value Hierarchy (Continued)**

**Transfer between categories**

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

**2011**

	Classification According to Fair Value Hierarchy			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee				
Common fund				
Equities Common Fund	22 045 271	0	0	22 045 271
Fixed Interest Common Fund	19 844 756	0	0	19 844 756
International Equities Common Fund	7 949 195	0	0	7 949 195
Listed Property Common Fund	4 126 098	0	0	4 126 098
	<u>53 965 320</u>	<u>0</u>	<u>0</u>	<u>53 965 320</u>



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**12. 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 2012. 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.

	Weighted Average Interest Rate	Fixed Interest Maturing In				Non-Interest Bearing \$'000	Total \$'000
		Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
<b>Financial Instruments</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	4.72%	69 146 204	0	0	0	0	69 146 204
Investments		0	0	0	0	50 114 114	50 114 114
<b>Total Financial Assets</b>		<b>69 146 204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>50 114 114</b>	<b>119 260 318</b>
<b>Financial Liabilities</b>							
Trust Liabilities		0	0	0	0	1 198 977	1 198 977
<b>Total Financial Liabilities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1 198 977</b>	<b>1 198 977</b>
<b>Net Financial Assets/(Liabilities)</b>		<b>69 146 204</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>48 915 137</b>	<b>118 061 341</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2012**

**12. 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 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.

	Weighted Average Interest Rate	Fixed Interest Maturing In				Non-Interest Bearing \$'000	Total \$'000
		Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
<b>Financial Instruments</b>							
<b>Financial Assets</b>							
Cash and Cash Equivalents	4.86%	68 185 251	0	0	0	0	68 185 251
Investments		0	0	0	0	53 965 320	53 965 320
<b>Total Financial Assets</b>		<b>68 185 251</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>53 965 320</b>	<b>122 150 571</b>
<b>Financial Liabilities</b>							
Trust Liabilities		0	0	0	0	2 139 180	2 139 180
<b>Total Financial Liabilities</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 139 180</b>	<b>2 139 180</b>
<b>Net Financial Assets/(Liabilities)</b>		<b>68 185 251</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>51 826 140</b>	<b>120 011 391</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**13. EVENTS OCCURRING AFTER BALANCE DATE**

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



## 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 2012 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 Chief Executive Officer of the Public Trustee 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

I am responsible for expressing 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 obtain reasonable assurance that the financial statements are free of material misstatement.

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

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

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

### Electronic presentation of the audited financial statements

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of these 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 2012:

- (i) are presented in accordance with Australian 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 2012 and the results of its operations and cash flows for the year then ended.

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



Bernie Sheville  
Director, Financial Audits  
14 September 2012



**Capital Region Community Foundation  
Gift Fund  
Financial Statements  
For the Year Ended 30 June 2012**

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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 2012 and the financial position of the Gift Fund on that date.



Douglas Gillespie  
Acting Chief Executive Officer  
Public Trustee ACT

13 September 2012



## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
<b>INCOME</b>			
Interest	4	24 377	22 203
Dividends	5	213 205	495 360
Gifts	5	510 103	494 729
Rent	5	14 149	14 513
Fundraising	5	3 513	50 596
Gain on Investment Property	6	0	15 000
Gain on Investments	6	0	352 337
<b>Total Income</b>		<b>765 347</b>	<b>1 444 738</b>
<b>EXPENSES</b>			
Funds Transferred to Beneficiaries	7	641 749	284 729
Administration	7	18 609	16 643
Investment Property Expenses	7	3 987	5 728
Other	7	4 249	24 094
Fundraising	7	1 912	10 048
Bank Fees	7	220	627
Finalisation of accounts	7	162 823	0
Loss on Investments	8	263 890	0
<b>Total Expenses</b>		<b>1 097 439</b>	<b>341 869</b>
<b>Operating (Deficit)/Surplus</b>		<b>(332 092)</b>	<b>1 102 869</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 2012

	Notes	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	10	454 484	695 220
Accrued Investment Income	11	50 549	177 913
<b>TOTAL CURRENT ASSETS</b>		<b>505 033</b>	<b>873 133</b>
<b>NON-CURRENT ASSETS</b>			
Investments	12	6 003 143	5 967 042
Investment Property	13	265 000	265 000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>6 268 143</b>	<b>6 232 042</b>
<b>TOTAL ASSETS</b>		<b>6 773 176</b>	<b>7 105 175</b>
<b>CURRENT LIABILITIES</b>			
Payables	14	2 975	2 882
<b>TOTAL CURRENT LIABILITIES</b>		<b>2 975</b>	<b>2 882</b>
<b>TOTAL LIABILITIES</b>		<b>2 975</b>	<b>2 882</b>
<b>NET ASSETS</b>		<b>6 770 201</b>	<b>7 102 293</b>
<b>EQUITY</b>			
Accumulated Funds		6 770 201	7 102 293
<b>Total Equity</b>		<b>6 770 201</b>	<b>7 102 293</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 2012

	Accumulated Funds Actual	Total Equity Actual
FOR THE YEAR ENDED 30 JUNE 2012	\$	\$
Balance at the Beginning of the Reporting Period	7 102 293	7 102 293
Comprehensive (Deficit)		
Operating Deficit	(332 092)	(332 092)
Total Comprehensive (Deficit)	(332 092)	(332 092)
Balance at the End of the Reporting Period	6 770 201	6 770 201

	Accumulated Funds Actual	Total Equity Actual
FOR THE YEAR ENDED 30 JUNE 2011	\$	\$
Balance at the Beginning of the Reporting Period	5 999 424	5 999 424
Comprehensive Income		
Operating Surplus	1 102 869	1 102 869
Total Comprehensive Income	1 102 869	1 102 869
Balance at the End of the Reporting Period	7 102 293	7 102 293

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 2012

	Notes	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS:</b>			
Gifts		510 103	494 729
Interest		24 377	22 203
Dividends		340 569	317 447
Rent		14 149	14 513
Fundraising		3 513	37 146
<b>Total Receipts from Operating Activities</b>		<b>892 711</b>	<b>886 038</b>
<b>PAYMENTS</b>			
Administration		18 609	16 643
Rental		3 987	5 728
Other		4 156	23 814
Fundraising		1 912	9 798
Funds Transferred to Beneficiaries		641 749	284 729
Bank Fees		220	627
Finalised Accounts		162 823	0
<b>Total Payments from Operating Activities</b>		<b>833 456</b>	<b>341 339</b>
<b>Net Cash Inflows from Operating Activities</b>	17	<b>59 255</b>	<b>544 699</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>PAYMENTS</b>			
Purchase of Investments		299 991	305 748
<b>Net Cash (Outflows) from Investing Activities</b>		<b>(299 991)</b>	<b>(305 748)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		<b>(240 736)</b>	<b>238 951</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		695 220	456 269
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	18	<b>454 484</b>	<b>695 220</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 2012**

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

The Capital Region Community Foundation Gift 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 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 2012 together with the financial position of the Fund as at 30 June 2012.

**(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.



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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 2012**

**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 an accrual 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 2012**

**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 Fund.

**(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:

- (i) **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 9 Financial Instruments (application date 1 January 2013);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- 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 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (application date 1 July 2013);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

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

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

- AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (application date 1 July 2012); and
- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (application date 1 January 2013).

**3. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR**

**(a) Change in Accounting Policy and Accounting Estimates**

The Fund had no changes in Accounting Policy and Accounting Estimates during the reporting period.

**(b) Correction of Prior Period Errors**

The Fund has identified several immaterial prior period errors, which have been corrected in the 2011 figures throughout this report.

**4. INTEREST**

	2012 \$	2011 \$
<b>Revenue from Non-ACT Government Entities</b>		
Interest Revenue from Public Trustee ACT Common Fund	24 281	22 116
Other Interest	96	87
<b>Total Interest Revenue from Non-ACT Government Entities</b>	<b>24 377</b>	<b>22 203</b>
<b>Total Interest Revenue</b>	<b>24 377</b>	<b>22 203</b>
Total Interest Revenue from Financial Assets not at Fair Value through Profit and Loss.	24 377	22 203

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.



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**5. INCOME**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
<b>Income from ACT Government Entities</b>		
Dividends	213 205	495 360
<b>Total Income from ACT Government Entities</b>	<b>213 205</b>	<b>495 360</b>
<b>Income from Non-ACT Government Entities</b>		
Gifts	510 103	494 729
Rental Revenue from Investment Property	14 149	14 513
Fundraising	3 513	50 596
<b>Total Income from Non-ACT Government Entities</b>	<b>527 765</b>	<b>559 838</b>

Dividends have decreased this year due to a reduction on the return on investments.

Fundraising has decreased due to a reduction in marketing strategies being adopted by foundation clients.

**6. GAINS ON INVESTMENTS**

Unrealised Gains on Investments	0	352 337
Gain on Investment Property	0	15 000
<b>Total Gains on Investments</b>	<b>0</b>	<b>367 337</b>

Due to a downturn in the investment market there was a loss on invested funds this is explained in Note 8.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**7. EXPENSES**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Funds Transferred to Beneficiaries	641 749	284 729
Administration Expenses	18 609	16 643
Investment Property Expenses	3 987	5 728
Other	4 249	24 094
Fundraising Expenses	1 912	10 048
Bank Fees	220	627
Finalisation of Accounts	162 823	0
<b>Total Expenses</b>	<b>833 549</b>	<b>341 869</b>

The Foundation Board has recommended the Trustee make further distributions from income received during the year.

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 decreased as a result of costs associated with the establishment of new foundation clients.

Fundraising expenses have decreased due to a reduction in marketing strategies being adopted by foundation clients.

Finalisation of accounts has been created as a result of foundation clients adopting new investment strategies and redeeming funds.

**8. LOSS ON INVESTMENTS**

Unrealised Loss on Investments	263 890	0
<b>Total Loss on Investments</b>	<b>263 890</b>	<b>0</b>

Due to a downturn in the investment market there was a loss on invested funds.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

9. AUDITOR'S REMUNERATION

	2012 \$	2011 \$
<b>Audit Services</b>		
Audit Fees paid to the ACT Auditor-General's Office	2 975	2 882
<b>Total Audit Fees</b>	<u>2 975</u>	<u>2 882</u>

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

10. CASH AND CASH EQUIVALENTS

Excess credit balances, as at 30 June 2012, were pooled with credit balances in the Public Trustee Cash Common Fund for investment purposes.

	2012 \$	2011 \$
Cash at Bank	454 484	695 220
<b>Total Cash and Cash Equivalents</b>	<u>454 484</u>	<u>695 220</u>

11. ACCRUED INVESTMENT INCOME

Dividends Receivable	50 549	177 913
<b>Total Accrued Investment Income</b>	<u>50 549</u>	<u>177 913</u>

The decrease in accrued investment income is due to a decrease in dividends to be received at the end of the year.

12. INVESTMENTS

**Non-Current Investments**

Public Trustee Common Funds	6 003 143	5 967 042
<b>Total Non-Current Investments</b>	<u>6 003 143</u>	<u>5 967 042</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.



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**13. 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.

The valuation indicated the value of the investment property exceeded its carrying amount. Consequently the asset was revalued.

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Land and Buildings at Fair Value	265 000	265 000
<b>Total Investment Property</b>	<b>265 000</b>	<b>265 000</b>
<b>Income and Expenses from Investment Property</b>		
Rental Income	14 149	14 513
Less: Direct Operating Expenses of the Investment Property that Generated Investment Income	(3 987)	(5 728)
<b>Total Income and Expenses from Investment Property</b>	<b>10 162</b>	<b>8 785</b>

**14. PAYABLES**

**Current Payables**

Accrued Expenses	2 975	2 882
<b>Total Current Payables</b>	<b>2 975</b>	<b>2 882</b>

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**15. 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, 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 of 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.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**15. FINANCIAL INSTRUMENTS (CONTINUED)**

**(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 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.



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**15. 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 +/- 4.77%, which is one standard deviation from the 2011-12 average unit price.

	Carrying Amount \$	Profit/(Loss) \$	Equity \$	Profit/(Loss) \$	Equity \$
<b>Financial Assets</b>					
Investments	6 003 143	(286 350)	(286 350)	286 350	286 350

**(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 2012 \$	Fair Value 2012 \$	Carrying Amount 2011 \$	Fair Value 2011 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	454 484	454 484	695 220	695 220
Investments	6 003 143	6 003 143	5 967 042	5 967 042
<b>Total Financial Assets</b>	<b>6 457 627</b>	<b>6 457 627</b>	<b>6 662 262</b>	<b>6 662 262</b>
<b>Financial Liabilities</b>				
Payables	2 975	2 975	2 882	2 882
<b>Total Financial Liabilities</b>	<b>2 975</b>	<b>2 975</b>	<b>2 882</b>	<b>2 882</b>

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**15. 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 2012. 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	Weighted Average Interest Rate	Fixed Interest Maturing In				Non-Interest Bearing \$'000	Total \$'000
			Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
<b>Financial Instruments</b>								
<b>Financial Assets</b>								
Cash and Cash Equivalents		4.72%	454 484	0	0	0	0	454 484
Investments			0	0	0	0	6 003 143	6 003 143
<b>Total Financial Assets</b>			<b>454 484</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 003 143</b>	<b>6 457 627</b>
<b>Financial Liabilities</b>								
Payables			0	0	0	0	2 975	2 975
<b>Total Financial Liabilities</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 975</b>	<b>2 975</b>
<b>Net Financial Assets/(Liabilities)</b>			<b>454 484</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>6 000 168</b>	<b>6 454 652</b>

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**15. 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 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	Weighted Average Interest Rate	Fixed Interest Maturing In				Non-Interest Bearing \$'000	Total \$'000
			Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
<b>Financial Instruments</b>								
<b>Financial Assets</b>								
Cash and Cash Equivalents		4.86%	695 220	0	0	0	0	695 220
Investments			0	0	0	0	5 967 042	5 967 042
<b>Total Financial Assets</b>			<b>695 220</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>5 967 042</b>	<b>6 662 262</b>
<b>Financial Liabilities</b>								
Payables			0	0	0	0	2 882	2 882
<b>Total Financial Liabilities</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 882</b>	<b>2 882</b>
<b>Net Financial Assets/(Liabilities)</b>			<b>695 220</b>	<b>0</b>	<b>0</b>	<b>0</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 2012**

**15. 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).

2012	<u>Classification According to Fair Value Hierarchy</u>			
	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
Investments with the Public Trustee Common fund				
Greater Good Growth Gift Fund	6 003 143			6 003 143

**Transfer between categories**

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

2011	<u>Classification According to Fair Value Hierarchy</u>			
	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

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**16. 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:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	454 484	695 220
Total Cash and Cash Equivalents	<u>454 484</u>	<u>695 220</u>

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

Operating (Deficit) / Surplus	(332 092)	1 102 869
Add / (Less) Non-Cash Items		
Loss / (Gain) on Investments	263 890	(367 337)
Net Cash (Outflow) / Inflow Before Changes in Operating Assets and Liabilities	<u>(68 202)</u>	<u>735 532</u>
Changes in Operating Assets and Liabilities		
Increase in Payables	93	280
Decrease / (Increase) in Accrued Investment Income	127 364	(177 913)
(Decrease) / Increase in Revenue Received in Advance	0	(13 450)
(Increase) / Decrease in Prepayments	<u>0</u>	<u>250</u>
Net Changes in Operating Assets and Liabilities	<u>127 457</u>	<u>(190 833)</u>
Net Cash Inflows from Operating Activities	<u>59 255</u>	<u>544 699</u>

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**18. 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:

Andrew Taylor  
Chris Peters AM  
Larry King  
Justice Richard Refshauge  
Renee Le Grande  
Maureen Cane  
Doug Gillespie  
Laurie Wilson

- (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.

**19. EVENTS OCCURRING AFTER BALANCE DATE**

There were no events occurring after balance date that would affect the financial statements in the current or future reporting period.



## 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 2012 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 Chief Executive Officer of the Public Trustee 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

I am responsible for expressing 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 obtain reasonable assurance that the financial statements are free of material misstatement.

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

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

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



**Electronic presentation of the audited financial statements**

Those viewing an electronic presentation of these financial statements should note that the audit does not provide assurance on the integrity of information presented electronically and does not provide an opinion on any other information which may have been hyperlinked to or from these financial statements. If users of these 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 2012:

- (i) are presented in accordance with Australian 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 2012 and the results of its operations and cash flows for the year then ended.

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



Bernie Sheville  
Director, Financial Audits  
14 September 2012

**Capital Region Community Foundation  
Open Fund  
Financial Statements  
For the Year Ended 30 June 2012**

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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 2012 and the financial position of the Open Fund on that date.



Douglas Gillespie  
Acting Chief Executive Officer  
Public Trustee ACT

13 September 2012



## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
<b>INCOME</b>			
Interest	4	22 883	2 080
Dividends	5	42 826	24 053
Gifts	5	2 222 854	148 605
Fundraising	5	14 836	0
Gain on Investments	6	14 443	18 689
<b>Total Income</b>		<b>2 317 842</b>	<b>193 427</b>
<b>EXPENSES</b>			
Funds transferred to Beneficiaries	7	20 195	6 330
Administration	7	2 826	947
Other	7	2 975	8 934
Loss on Investments	8	24 694	0
<b>Total Expenses</b>		<b>50 690</b>	<b>16 211</b>
<b>Operating Surplus</b>		<b>2 267 152</b>	<b>177 216</b>

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

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## BALANCE SHEET

AS AT 30 JUNE 2012

	Notes	2012 \$	2011 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	10	390 124	162 105
Accrued Investment Income	11	16 844	8 917
Short Term Investments	12	200 000	0
<b>TOTAL CURRENT ASSETS</b>		<b>606 968</b>	<b>171 022</b>
<b>NON-CURRENT ASSETS</b>			
Investments	12	2 129 349	298 050
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2 129 349</b>	<b>298 050</b>
<b>TOTAL ASSETS</b>		<b>2 736 317</b>	<b>469 072</b>
<b>CURRENT LIABILITIES</b>			
Accrued Expenses	13	2 975	2 882
<b>TOTAL CURRENT LIABILITIES</b>		<b>2 975</b>	<b>2 882</b>
<b>TOTAL LIABILITIES</b>		<b>2 975</b>	<b>2 882</b>
<b>NET ASSETS</b>		<b>2 733 342</b>	<b>466 190</b>
<b>EQUITY</b>			
Accumulated Funds		2 733 342	466 190
<b>Total Equity</b>		<b>2 733 342</b>	<b>466 190</b>

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

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## STATEMENT OF CHANGES IN EQUITY

## FOR THE YEAR ENDED 30 JUNE 2012

	Accumulated Funds Actual \$	Total Equity Actual \$
FOR THE YEAR ENDED 30 JUNE 2012		
Balance at the Beginning of the Reporting Period	466 190	466 190
Comprehensive Income		
Operating Surplus	2 267 152	2 267 152
Total Comprehensive Income	2 267 152	2 267 152
Balance at the End of the Reporting Period	2 733 342	2 733 342

	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	177 216	177 216
Total Comprehensive Income	177 216	177 216
Balance at the End of the Reporting Period	466 190	466 190

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

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2012

	Notes	2012 \$	2011 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Gifts and Settlements		2 222 854	148 605
Interest		21 979	2 080
Dividends		35 803	15 136
Fundraising		14 836	0
<b>Total Receipts from Operating Activities</b>		<b>2 295 472</b>	<b>165 821</b>
<b>PAYMENTS</b>			
Funds transferred to Beneficiaries		20 195	6 330
Administration		2 826	947
Other		2 882	8 654
<b>Total Payments from Operating Activities</b>		<b>25 903</b>	<b>15 931</b>
<b>Net Cash Inflows from Operating Activities</b>	16	<b>2 269 569</b>	<b>149 890</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Sale of Investments		150	1 106
<b>Total Receipts from Investing Activities</b>		<b>150</b>	<b>1 106</b>
<b>PURCHASES</b>			
Purchase of Investments		2 041 700	0
<b>Total Payments from Investing Activities</b>		<b>2 041 700</b>	<b>0</b>
<b>Net Cash (Outflows) from Investing Activities</b>		<b>(2 041 550)</b>	<b>1 106</b>

The above Cash Flow 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 2012

	Notes	2012 \$	2011 \$
<b>Net Increase in Cash and Cash Equivalents</b>		228 019	150 996
Cash and Cash Equivalents at the Beginning of the Reporting Period		162 105	11 109
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	15	<u>390 124</u>	<u>162 105</u>

The above Cash Flow 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 2012**

**1. ACTIVITIES OF THE PUBLIC TRUSTEE AS TRUSTEE FOR THE CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND**

The Capital Region Community Foundation Open 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 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 2012 together with the financial position of the Fund as at 30 June 2012.

**(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 2012**

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

**(d) Rounding**

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

**(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 2012**

**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 an accrual 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 2012**

**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 Fund.

**(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 not have a material financial impact on the Fund in future reporting periods:

- AASB 9 Financial Instruments (application date 1 January 2013);
- AASB 13 Fair Value Measurement (application date 1 January 2013);
- AASB 119 Employee Benefits (application date 1 January 2013);
- 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 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124] (application date 1 July 2013);
- AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 101, 107, 112, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 & 132] (application date 1 January 2013);
- AASB 2011-9 Amendments to Australian Accounting Standards - Presentation of items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049] (application date 1 July 2012); and

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (CONTINUED)

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

- AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, AASB 8, AASB 101, AASB 124, AASB 134, AASB 1049 & AASB 2011-8 and Interpretation 14] (application date 1 January 2013).

3. CHANGE IN ACCOUNTING POLICY AND ACCOUNTING ESTIMATES, AND CORRECTION OF A PRIOR PERIOD ERROR

(a) Change in Accounting Policy and Accounting Estimates

The Fund had no changes in Accounting Policy or Accounting Estimates during the reporting period.

(b) Correction of Prior Period Errors

The Fund has identified several immaterial prior period errors, which have been corrected in the 2011 figures throughout this report.

4. INTEREST

	2012 \$	2011 \$
<b>Revenue from Non-ACT Government Entities</b>		
Interest Revenue from Public Trustee ACT Common Fund	21 979	2 080
Other Interest	904	0
<b>Total Interest Revenue from Non-ACT Government Entities</b>	<b>22 883</b>	<b>2 080</b>
<b>Total Interest Revenue</b>	<b>22 883</b>	<b>2 080</b>
Total Interest Revenue from Financial Assets not at Fair Value through Profit and Loss.	22 883	2 080

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



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**5. INCOME**

	2012 \$	2011 \$
<b>Income from ACT Government Entities</b>		
Dividends	42 826	24 053
<b>Total Income from ACT Government Entities</b>	<u>42 826</u>	<u>24 053</u>
<b>Income from Non-ACT Government Entities</b>		
Gifts	2 222 854	148 605
Fundraising	14 836	0
<b>Total Income from Non-ACT Government Entities</b>	<u>2 237 690</u>	<u>148 605</u>

Dividends have increased this year due to increased investments into 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.

Fundraising has increased due to marketing strategies being adopted by foundation clients.

**6. GAINS ON INVESTMENTS**

Unrealised Gains on Investments	14 443	18 689
<b>Total Gains on Investments</b>	<u>14 443</u>	<u>18 689</u>

There was a gain on invested funds due to an improvement in the investment market.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**7. EXPENSES**

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Funds Transferred to Beneficiaries	20 195	6 330
Administration Expenses	2 826	947
Other	2 975	8 934
<b>Total Expenses</b>	<b>25 996</b>	<b>16 211</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.

Funds transferred to beneficiaries has increased as a result of an increase in gifts received.

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. LOSS ON INVESTMENTS**

Unrealised Loss on Investments	24 694	0
<b>Total Loss on Investments</b>	<b>24 694</b>	<b>0</b>

Due to a downturn in the investment market there was a loss on invested funds.

**9. AUDITOR'S REMUNERATION**

**Audit Services**

Audit Fees paid to the ACT Auditor-General's Office	2 975	2 882
<b>Total Audit Fees</b>	<b>2 975</b>	<b>2 882</b>

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

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**10. CASH AND CASH EQUIVALENTS**

Excess credit balances, as at 30 June 2012, were pooled with credit balances in the Public Trustee Cash Common Fund for investment purposes.

Cash at Bank	390 124	162 105
<b>Total Cash and Cash Equivalents</b>	<b>390 124</b>	<b>162 105</b>

**11. ACCRUED INVESTMENT INCOME**

	2012 \$	2011 \$
Dividends Receivable	15 940	8 917
Investment Income	904	0
<b>Total Non-Current Investments</b>	<b>16 844</b>	<b>8 917</b>

The increase in accrued investment income is due to an increase in dividends to be received at the end of the year.

**12. INVESTMENTS**

**Current Investments**

Investments – Term Deposits	200 000	0
<b>Total Current Investments</b>	<b>200 000</b>	<b>0</b>

The Term Deposit was made at the request of a new client.

**Non-Current Investments**

Public Trustee Common Funds	1 953 206	298 050
Share Portfolio	176 143	0
<b>Total Non-Current Investments</b>	<b>2 129 349</b>	<b>298 050</b>

The increase in the balance of Common Fund investments is due to the higher value of these investments.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**13. PAYABLES**

**Current Payables**

Accrued Expenses	2 975	2 882
<b>Total Current Payables</b>	<b>2 975</b>	<b>2 882</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.

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.

*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.



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**14. FINANCIAL INSTRUMENTS (CONTINUED)**

**(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'.

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 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.



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**14. 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 +/- 6.16%, which is one standard deviation from the 2011-12 average unit price.

	Carrying Amount	Profit/(Loss)	Equity	Profit/(Loss)	Equity
	\$	\$	\$	\$	\$
<b>Financial Assets</b>					
Investments	2 129 349	(131 168)	(131 168)	131 168	131 168

**(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 2012	Fair Value 2012	Carrying Amount 2011	Fair Value 2011
	\$	\$	\$	\$
<b>Financial Assets</b>				
Cash and Cash Equivalents	390 124	390 124	162 105	162 105
Short Term Investments	200 000	200 000	0	0
Investments	2 129 349	2 129 349	298 050	298 050
<b>Total Financial Assets</b>	<b>2 719 473</b>	<b>2 719 473</b>	<b>460 155</b>	<b>460 155</b>
<b>Financial Liabilities</b>				
Accrued Expenses	2 975	2 975	2 882	2 882
<b>Total Financial Liabilities</b>	<b>2 975</b>	<b>2 975</b>	<b>2 882</b>	<b>2 882</b>

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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 2012. 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	Weighted Average Interest Rate	Fixed Interest Maturing In					Total \$'000
			Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000	Non-Interest Bearing \$'000	
Financial Instruments								
Financial Assets								
Cash and Cash Equivalents		4.72%	390 124	0	0	0	0	390 124
Investments			0	0	0	0	2 129 349	2 129 349
Short Term Investments		5.00%	0	200 000	0	0	0	200 000
Total Financial Assets			390 124	200 000	0	0	2 129 349	2 719 473
Financial Liabilities								
Accrued Expenses			0	0	0	0	2 975	2 975
Total Financial Liabilities			0	0	0	0	2 975	2 975
Net Financial Assets/(Liabilities)			390 124	200 000	0	0	2 126 374	2 716 498

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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 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	Weighted Average Interest Rate	Fixed Interest Maturing In				Non-Interest Bearing \$'000	Total \$'000
			Floating Interest Rate \$'000	1 Year or Less \$'000	Over 1 Year to 5 Years \$'000	Over 5 Years \$'000		
<b>Financial Instruments</b>								
<b>Financial Assets</b>								
Cash and Cash Equivalents		4.86%	162 105	0	0	0	0	162 105
Investments			0	0	0	0	298 050	298 050
<b>Total Financial Assets</b>			<b>162 105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>298 050</b>	<b>460 155</b>
<b>Financial Liabilities</b>								
Accrued Expenses			0	0	0	0	2 882	2 882
<b>Total Financial Liabilities</b>			<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2 882</b>	<b>2 882</b>
<b>Net Financial Assets/(Liabilities)</b>			<b>162 105</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>295 168</b>	<b>457 273</b>

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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).

2012	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	1 953 206			1 953 206

**Transfer between categories**

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

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



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**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:

	<b>2012</b>	<b>2011</b>
	<b>\$</b>	<b>\$</b>
Cash at Bank	390 124	162 105
Total Cash and Cash Equivalents	<u>390 124</u>	<u>162 105</u>

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

<b>Operating Surplus</b>	<b>2 267 152</b>	<b>177 216</b>
<b>Add / (Less) Non-Cash Items</b>		
Loss / (Gains) on Investments	<u>10 251</u>	<u>(18 689)</u>
<b>Net Cash Inflow Before Changes in Operating Assets and Liabilities</b>	<u>2 277 403</u>	<u>158 527</u>
Increase in Accrued Expenses	93	280
(Increase) in Accrued Investment Income	<u>(7 927)</u>	<u>(8 917)</u>
<b>Net change in Operating Assets and Liabilities</b>	<u>(7 834)</u>	<u>(8 637)</u>
<b>Net Cash Inflows from Operating Activities</b>	<u><u>2 269 569</u></u>	<u><u>149 890</u></u>



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2012**

**17. 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:

Andrew Taylor  
Chris Peters AM  
Larry King  
Justice Richard Refshauge  
Renee Le Grande  
Maureen Cane  
Doug Gillespie  
Laurie Wilson

(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.

**18. EVENTS OCCURRING AFTER BALANCE DATE**

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





**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>SBMP</b>	Strategic Bushfire Management Plan
<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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