



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

ANNUAL REPORT

2003-04



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

“TO BE PEOPLE’S FIRST THOUGHT AND CHOICE
FOR TRUSTEE AND RELATED SERVICES”

A selection of entries in Life's Reflection, a major photographic competition and exhibition conducted by the ACT Ministerial Council on Ageing, sponsored by the Public Trustee during Seniors Week 2004.

The competition sought to celebrate life over 50, and to demonstrate the bond between seniors and the wider community. Accordingly, the theme of the competition was 'Live, Laugh and Love'.

The competition was open to photographers in under 12, 12 to 18 and adult categories. More than 160 entries were received and exhibited at the Hughes Community Centre. Judging was undertaken by Marion Jones (Canberra Times), Niki van Buuren (photography student) and Andrew Sayers (National Portrait Gallery Director).

ADULT

Senior Moments – *Robert Lane*

Active Seniors – *Barbie Robinson*

Intergenerational – *Vilija Olsauskas*

12 – 18 YEARS

Senior moments – *Chris de Hoog*

Active Seniors – *Kayleigh Franklin*

Intergenerational - *Sarah McDonell*

Humorous Adult - *Charles Samuel*

Chief Minister's Award – *Robert Lane*

Public Trustee Award – *Julia Sargent*

Encouragement Award – *Ms T Makeev and Colin Barnard*

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PUBLIC TRUSTEE FOR THE ACT

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**PUBLIC TRUSTEE
FOR THE
AUSTRALIAN CAPITAL TERRITORY**

Mr Jon Stanhope MLA
Attorney General
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Telephone: 62079800
Facsimile: 62079811

Dear Attorney General

I am pleased to present the Annual Report for the Public Trustee for the Australian Capital Territory for the year ended 30 June 2004.

This Report has been prepared under Section 8(2)(d) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Reports Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Public Trustee for the Australian Capital Territory.

I hereby certify that the attached Annual Report is an honest and accurate account and that all material information on the operations of the Public Trustee for the Australian Capital Territory during the period 1 July 2003 to 30 June 2004 has been included and that it complies with the Chief Minister's Annual Reports Directions.

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

S.12 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

A handwritten signature in black ink, appearing to read "Andrew Taylor".

Andrew Taylor
Public Trustee for the ACT

| | |
|--|----|
| Transmittal Certificate | 5 |
| 1. CHIEF EXECUTIVE REVIEW | 8 |
| Major Issues, Challenges and Achievements | 9 |
| Overview of Agency Performance and Financial Results | 10 |
| Outlook for the Coming Year | 11 |
| 2. AGENCY ROLE AND OVERALL PERFORMANCE | 12 |
| Overview of the Agency | 13 |
| Report on Overall Agency Performance | 18 |
| Canberra Bushfire Recovery Appeal | 20 |
| 3. ORGANISATIONAL GOVERNANCE ARRANGEMENTS | 21 |
| Internal Accountability Structures and Processes | 22 |
| Strategic and Organisational Planning | 26 |
| Risk Management and Internal Audit Arrangements | 27 |
| Fraud Prevention Arrangements | 29 |
| Culture and Values | 29 |
| Procurement Contracting Principles and Processes | 30 |
| External Scrutiny | 31 |
| 4. FINANCIAL PERFORMANCE | 32 |
| Agency Financial Results and Analysis of Financial Performance | 33 |
| Capital Works Management | 37 |
| Asset Management Strategy | 37 |
| Government Contractual Debts (Interest) | 37 |
| 5. HUMAN RESOURCE PERFORMANCE | 38 |
| Analysis of Human Resource Performance | 39 |
| Workplace Relations | 40 |
| Workplace Injury Prevention and Management | 40 |
| Workplace Diversity | 40 |
| Learning and Development | 40 |

| | | |
|----|---|----|
| 6. | INFORMATION AND ACCESS | 43 |
| | Freedom of Information | 44 |
| | Public Interest Disclosure | 44 |
| | Territory Records | 44 |
| 7. | COMMUNITY AND ENVIRONMENT | 45 |
| | Community Engagement | 46 |
| | Cost-Benefit Analysis of Business Regulation Reform | 48 |
| | Commissioner for Environment Reporting | 48 |
| | Ecologically Sustainable Development | 49 |
| | Fuel Management Plans | 49 |
| | Aboriginal and Torres Strait Islander Reporting | 49 |
| | Multicultural Framework | 49 |
| | Justice Options and Prevention Policy Framework | 49 |
| | APPENDICES | 50 |
| | Financial Statements | 54 |
| | External Sources of Labour and Services | 87 |
| | Staffing Profile | 87 |
| | Reports by Auditor-General | 87 |
| | Reports by Ombudsman | 87 |
| | Legislative Assembly Committee Inquiries and Reports | 87 |
| | Government Inquiries and Reports | 87 |
| | Legislation | 88 |
| | Regulatory Activities | 88 |
| | Advisory and Consultative Boards and Committees | 88 |
| | Service Purchasing Arrangements – Community Grants – Assistance Sponsorship | 88 |
| | Other Sources of Information | 89 |
| | ALPHABETICAL INDEX | 90 |
| | COMPLIANCE INDEX | 93 |

SECTION 1.

CHIEF EXECUTIVE REVIEW

MAJOR ISSUES, CHALLENGES AND ACHIEVEMENTS FOR THE REPORTING YEAR

I am pleased to present the 14th Annual Report of the Public Trustee for the ACT. It covers the period 1 July 2003 to 30 June 2004.

The Public Trustee provides high quality services of a kind that, whilst not always highly visible, are greatly valued by government and the community. I wish to acknowledge the dedicated work of our small but highly skilled and efficient staff.



Mr. Andrew Taylor—Public Trustee

I also acknowledge the dedication and professionalism of Glenys Roper, Karen Doran, Len Early and Roger Broughton as members of the Public Trustee Investment Board during the past year. The Board provides expert assistance to the Public Trustee on an honorary basis. Karen Doran resigned from the Board in August 2003. Karen provided the board with extensive experience in dealing with liabilities, risk elements and superannuation matters. A replacement will be sought during the next financial year.

I thank those who gave their time to participate in the Public Trustee's Customer Survey. Your feedback is essential to our ethos of continuous improvement.

2003/2004 has been a demanding year for the Public Trustee. A major focus of the office was to wind up the assistance provided to the Canberra Bushfire Recovery Appeal. The office had a significant role in the administration of the Appeal, in addition to taking on the role of Trustee. The Appeal was highly successful receiving just under \$9M in donations. Requests were put to a range of community organisations working with financially disadvantaged people following the bushfires, to provide grants to further provide assistance on a financial basis. The Board agreed to make a payment of \$100,000.00 to Niki Van Buuren, a bushfire victim who required more than 20 operations. Treatment and surgery are still needed, but Niki is upbeat about her future, which includes completing a commercial photography course and a return to horse-riding.

The Capital Region Community Foundation was established in 2003 to act as a vehicle for investment, management and monitoring of perpetual charitable trusts and bequests that come to the care of the Public Trustee. The Foundation will build a permanent,

growing philanthropic fund to be used for community-based projects and activities within the Canberra Region. At 30 June 2004. The Foundation had received funds of \$190,000.00.

The Foundation will be launched later in 2004. A board is being formed and the committee has been busy with a number of issues including establishing a permanent office, designing and trade-marking the foundation's logo, publicity and speaking to Canberra Region business organisations to gain support for the concept.

I acknowledge the generous donation of services and materials to the Foundation by the corporate community including Corporate Express, Pirion Printing, Zoo, WalterTurnbull and Westpac.

In addition, I acknowledge the hard work of Margaret Reid (Chair), Diane Kargas, Catherine Andrews, Bea Brickhill, Jenny Cameron, Doug Gillespie, Chic Henry, John Edwards, John Hanna, Michael Byrne, Zeke Ezra and Bruno Yvanovich.

The Public Trustee is working towards developing a Performance Management Strategy. This initiative was identified in the Public Trustee's Business and Strategic Plan and, through the process of workforce planning, two working groups were formed to look at a range of issues, including pay and classifications, career and succession-planning as well as rewards and recognition. This will be aligned with a competency-based training and rewards framework. The process will be voluntary with staff choosing to participate. It is proposed to increase the broad band from the current two-level Trust Officer structure to one Trust Officer band having 28 increments.

On an investment front, the Public Trustee's Common Funds have performed positively for the year, reflective of the gains in the financial markets. In particular, the Australian Equity Fund and the Listed Property Trust Fund had strong growth and were well supported by the Cash Fund. The Fixed Interest Fund performed to benchmark but overall Fixed Interest has had a disappointing year.

Client funds are well diversified where possible to spread risk and take advantage of variation of performance between sectors.

Financial plans have been prepared for many clients under plenary financial management orders and are now being reviewed regularly.

The ongoing review and selection of Fund Managers is a critical component of managing the investment of Public Trustee funds. The Public Trustee Investment Board is reviewing all fund managers and considering what options are available for clients. A procurement process has commenced for the selection of Funds Managers for the Public Trustee's Common Funds for a period of up to five years.

A Business and Strategic Plan for 2003/2005 has been completed after some delays associated with the post-bushfire activity.

There are a number of trusts that continue to be under the care of the Public Trustee with issues relating to the capacity of the beneficiary upon reaching 18 years. The Public Trustee sought legal advice as to the options available to the Public Trustee when there are clear issues of capacity but which will not be resolved by way of a financial management order by the Guardianship and Management of Property Tribunal.

The Public Trustee has reviewed its IT infrastructure and has a broad strategy in place to upgrade hardware and business systems. This will achieve compliance with InTACT policy of locating all production servers within the server farm at Callam Offices, upgrading of business systems to current version, acquisition of web-browser technology and the acquisition of laser cheque-printing facilities.

OVERVIEW OF AGENCY PERFORMANCE AND FINANCIAL RESULTS

The Public Trustee undertakes a continuous customer survey throughout the year. During the reported year, 273 responses were received from clients/stakeholders spread across all services provided. The survey indicated that 93% of clients felt that the Public Trustee met or exceeded their expectations, with 58% reporting that services exceeded their expectations.

An important indicator of the performance of the office is the number of Wills held and prepared during a reporting year. During the year, the Public Trustee increased the number of Wills in its Wills Bank to 9,542.

For the financial year ended 30 June 2004, the Public Trustee made a net loss of \$47,512.00. This was principally attributable to unfunded long service leave liabilities for new staff and the cessation of business development funding from government.

Overall income was lower than the previous year. For the year ended 30 June 2004, total income was \$2,345,425.00 compared to \$2,507,211.00 for the year ended 30 June 2003. This was mainly due to a drop in the number of high value estates and trusts received for administration purposes.

Overall expenses were lower than the previous year. For the year ended 30 June 2004, total expenses were \$2,392,938.00 compared to \$2,164,070.00 for the year ended 30 June 2003. This was attributable to –

- an increase in long service leave liability attributable to the acquisition of staff having large unfunded long service leave accruals;
- an increase in salary costs upon reassessment of positions as a result of workforce planning and in recognition of work performed; and
- allowances made for a pay rise dating back to 1 April 2004 due to the imminent signing of a new Enterprise Bargaining Agreement.

Administrative expenses remained relatively static for 2003/2004 at \$740,507.00 compared to \$740,163.00 in 2002/2003.

OUTLOOK FOR THE COMING YEAR

Of particular interest to the Public Trustee is the need to develop business and to maximise returns in order to accommodate perceived cost increases associated with the development of office IT infrastructure.

The focus for the coming year will be to work towards a higher level of contingency focussing on succession planning and IT Infrastructure upgrades.

The office recognises that its staff has an ageing profile. The office is fortunate however to have an excellent knowledge base with qualified, highly skilled and experienced persons on staff. The office will seek to finalise a number of manuals including a Public Trustee Induction Manual and a Public Trustee Practice Manual aimed at retaining knowledge and expertise as a corporate asset to serve as a legacy to future staff.

The Public Trustee will also seek to establish an appropriate fee-reduction policy based upon advice from the ACT Chief Solicitor, and will review the level of fees and charges for services provided to government.

The Public Trustee is the manager of unclaimed moneys under the *Unclaimed Moneys Act 1950*. A proposal has been put forward which would establish a fee payable to the Public Trustee in respect to its administrative role in receiving and paying moneys under the Act.

I acknowledge and thank Tim Keady, Chief Executive, Department of Justice and Community Safety for his advice, guidance and support.

Finally I take this opportunity to acknowledge the excellent work undertaken by Diane Kargas, who left the position of Public Trustee in March to take up a position as Executive Director, Corporate Services for the Department. Diane has left an excellent legacy to the office, and the important work undertaken and commenced under her leadership will be built upon in coming years.



Andrew Taylor
Public Trustee

SECTION 2.

AGENCY ROLE AND OVERALL PERFORMANCE

OVERVIEW OF THE AGENCY

The Public Trustee was established under S.5 of the *Public Trustee Act 1985* (the Act) to provide permanent and secure Trustee and Estate Administration services in a professional manner to the ACT Community.

The Public Trustee may act as a trustee, executor of a will, administrator of an estate, collector of an estate, receiver, agent or attorney, manager or guardian, as described under the provisions of S.13(1) of the Act.

The Public Trustee's services include:

- making people's Wills should they need professional executor or trustee services;
- administering deceased estates so that assets at death are dealt with according to the client's wishes or under the laws of intestacy where there is no Will;
- managing peoples' assets and helping them plan for their future under an Enduring Power of Attorney;
- acting as Trustee of fixed or Discretionary Trusts created in Wills, Deeds and Court Orders for families, infants and people with disabilities;
- acting as financial manager, where ordered, for people with disabilities; and
- assisting private financial managers by providing an annual examination of the accounts they keep on behalf of people with a disability.

The Public Trustee seeks to ensure that the organisation's Mission, Vision and Values are applied to decision-making, policy and service delivery.

Our Mission (purpose of existence) is:

To deliver to the ACT Community, a full range of quality trustee and related services.

Our Vision (goal for the future) is:

To be people's first thought and choice for trustee and related services.

The values expressed below guide our everyday behaviour and are based on the shared beliefs of staff, management and the Investment Board of the Public Trustee.

In delivering our services, you can expect us to:

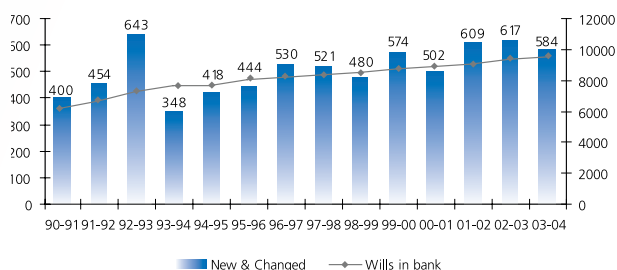
- *act with honesty and integrity;*
- *treat all people with respect and courtesy;*
- *acknowledge client's rights to be included in decision-making that affects them;*
- *act in a professional and competent manner;*
- *maintain client confidentiality;*
- *be independent and accountable; and*
- *operate in a commercially responsible manner.*

The Public Trustee has responsibilities under the following legislation:

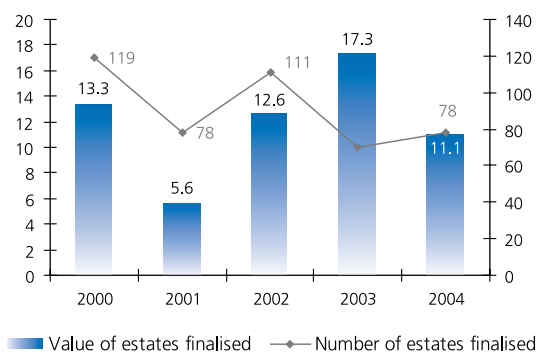
Public Trustee Act 1985;
Audit Act 1989;
Adoption Act 1993;
Administration and Probate Act 1929;
Crimes Act 1900;
Financial Management Act 1996;
Guardianship and Management of Property Act 1992;
Powers of Attorney Act 1956;
Confiscation of Criminal Assets Act 2003;
Trustee Act 1925;
Unclaimed Moneys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



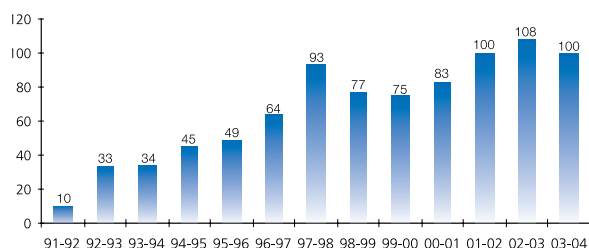
Ms Sue La Peyre—Practice Manager



Number and activity of wills in wills bank as at 30 June



Number and value of estates as at year ending 30 June



Active enduring powers of attorney as at 30 June

PRODUCTS AND SERVICES

Wills

The Public Trustee offers expert advice and a Will-drawing service where the Will appoints the Public Trustee as executor or joint executor.

An important function of the Public Trustee is the promotion in the community of the importance of making a Will and keeping it up to date.

A safe-keeping service is provided at no cost for persons who choose to make their Will with the Public Trustee.

For customers of the office with special needs, Public Trustee staff will conduct home, nursing home and supported accommodation visits.

During 2003/2004, the Public Trustee prepared 584 new Wills (or amendments).

At 30 June 2004 there were 9,542 Wills held in the Public Trustee's Wills Bank.

Estates

The Public Trustee will not decline to manage an estate purely on the basis of value, and manages both testate and intestate estates.

The office will also accept referral of estates from executors or administrators who wish to discontinue their involvement in estates entrusted to them.

The administration of estates requires a professional understanding of complex probate, trustee and Wills legislation as well as taxation, accounting and sound business practices. The Public Trustee is well-placed to provide the highest quality estate management services having Legal Practitioner, Certified Practising Accountant and Investment/Fund Management personnel on staff.

The number of new estates commenced during the year totalled 95 at an estimated committed value of \$11,641,000.00. There were 78 estates finalised during the year with an estimated committed value of \$11,068,000.00. This is primarily due to a buoyant

property market and estates that include share portfolios. Twenty real estate properties were sold and one purchased for Public Trustee clients, with a total estimated value of \$7,516,000.00.

Trusts

The Public Trustee undertakes the following in respect to Trust funds management –

- acts as trustee, manager or receiver of funds for infants or those unable to manage their funds - usually made by court award, in the case of minors, or people with impaired decision-making ability, or a trust is created as a consequence of an estate (eg funds managed on behalf of a minor), or by charitable intentions; and
- advises on acquisition of dwellings, special modifications required to accommodate any disability or assistance for the purchase. The best interests of the client are always paramount to the Public Trustee.

Fund investment is made under the *Trustee Act 1925* and in accordance with the 'Prudent Person Principle'. The Public Trustee is externally advised in respect to an appropriate asset allocation mix for our specific client groups. A mixture of growth and income assets is considered for each trust fund depending on the client's particular needs.

The value of new trusts received during year was \$2,095,666.00.

The number of new trusts marginally decreased over the previous year.

Powers of Attorney

The Public Trustee actively promotes the preparation of an Enduring Power of Attorney (EPA) by all members of the community. An appropriately completed EPA allows a person to direct the management of their affairs in the event of their incapacity. Early consideration of an EPA will ensure that a person's affairs are administered by a person, or professional organisation of choice, and in accordance with specific instructions. The Public Trustee has well qualified personnel to assist persons in this regard.

The number of active EPAs under management by the Public Trustee has decreased this year. It is however,

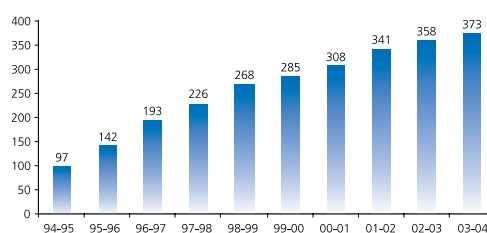
still anticipated that the general upward trend will be sustained, given the ageing of the ACT population. The graph on the previous page indicates the number of persons who have chosen to place their financial affairs under the control of the Public Trustee and to activate the instructions contained in the EPA.

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

Financial Management

A financial manager may be appointed by the Guardianship and Management of Property Tribunal (the Tribunal) to protect the interests of adult persons in the community who are deemed to have impaired decision-making ability, or lack the capacity to manage their own financial affairs. *The Guardianship and Management of Property Act 1991* favours the appointment of a family member or other interested person. The Public Trustee is appointed as plenary, or absolute manager, in approximately 60% of cases. In such cases, the Public Trustee seeks to ensure that the represented person receives the maximum benefit of their income, whilst being protected and providing them with the ability to live in the community with dignity.

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



Plenary or emergency management cases on hand as at 30 June

Taxation Services

The Public Trustee provides specialist taxation services and has registered tax agent status. The office completes and lodges tax returns in respect to Deceased Estates, Trusts, Court Trusts and Enduring Power of Attorney clients. During the year, 1,200 tax returns were completed and lodged for both individuals and trusts under administration. Most returns are lodged electronically.



Mr Doug Gillespie – Deputy Public Trustee

Client Funds Management

The Public Trustee is recognised as the foremost provider of trustee services to the ACT community and, as at 30 June 2004, the office had over 1500 matters in its care, and client funds of over \$60M under management.

The provision of investment funds across asset sectors is an integral part of modern trustee services and the office offers four specialised sector funds to accommodate the investment requirements of its estates, trusts and clients. The Public Trustee Common Funds enable the office to deliver tailored investment portfolios thereby granting an appropriate mix of potential for capital growth, income returns and tax effectiveness, in keeping with individual risk profiles.

Under the 'Prudent Person Principle' of the *Trustee Act 1925*, individual trust circumstances and investment strategies are to be reviewed annually. Trusts under administration with like risk profiles, investment objectives and needs can be grouped for better risk monitoring, returns and uniform delivery of investment strategies. Four standard Trust Risk Profile models available are Growth, Balanced, Income Stable and Capital Secure.

1. Growth Investment Strategy

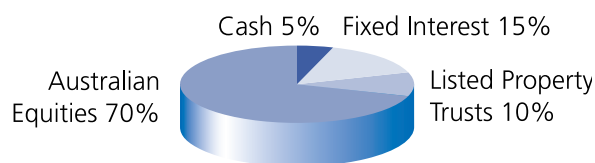
The objective of the Growth Investment Strategy is to attain high, long-term returns in excess of inflation. A high weighting in growth assets provides the greater potential for long term benefits for trusts able to accept volatility in the short term, and also provides potential taxation benefits of franked dividends and capital growth. Performance return for the year, after fees, was 16.556%.

2. Balanced Investment Strategy

The objective of the Balanced Investment Strategy is to provide potential for higher returns through a 50% exposure to equities, with a balance of fixed interest and cash to moderate volatility. It is suitable for medium term trusts or those with a mix of income and capital needs or class beneficiaries. Performance return for the year after fees was 11.843%.

3. Income Stable Investment Strategy

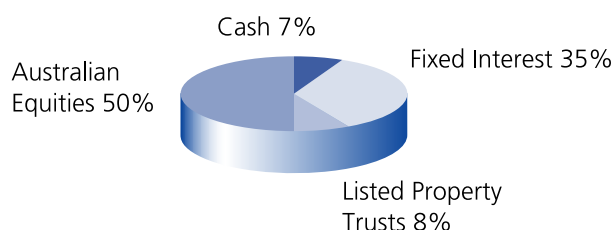
The objective of the Income Stable Investment Strategy is to provide income return with reduced volatility plus potential for some growth to protect the real value of the trust. It is suitable for short-term trusts, trusts reliant upon income or trusts with other reasons for a conservative risk profile. Performance return for the year after fees was 9.349%.



1. Growth Investment Strategy

4. Capital Secure Investment Strategy

The objectives of the Capital Secure Investment Strategy are to protect capital, provide an immediate income return at short-term interest rates and to have funds readily available at twenty-four hour call. It is suitable for trusts of low quantum, trusts of high call needs and trusts of short or uncertain term. It is invested in the Cash Common Fund.



2. Balanced Investment Strategy

Services to Government

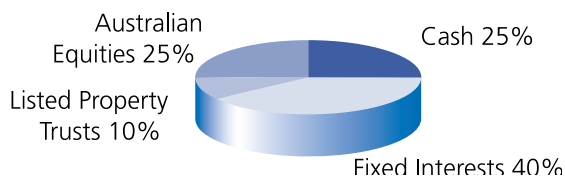
The Public Trustee is the nominated trustee for ACT Government Trust Funds and acts as agent for the purposes of forfeited assets under the *Confiscation of Criminal Assets Act 2003*.

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

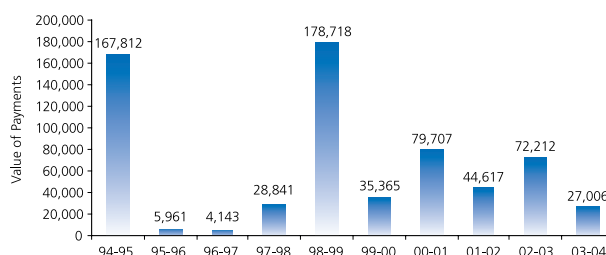
1. Criminal Assets

The *Confiscation of Criminal Assets Act 2003* (COCA) replaced the *Proceeds of Crime Act 1991* with a new scheme to permit confiscation of the proceeds of crime and other criminal assets, and clarified the Public Trustee's powers to administer assets restrained under the Act.

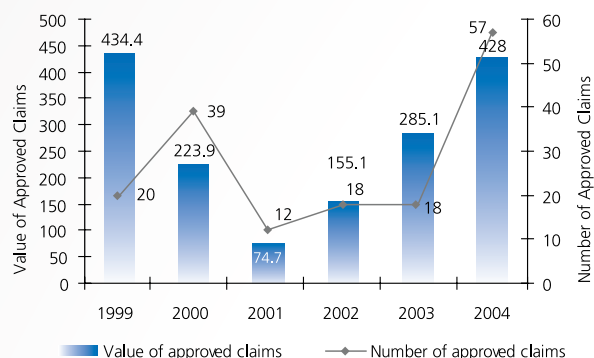
The Public Trustee acts as an agent of the ACT Government in relation to the forfeiture of assets under COCA. The Public Trustee secures and sells all forfeited assets, and deposits moneys realised into the Confiscated Assets Trust Fund held by the Department of Justice and Community Safety for community safety initiatives. The Public Trustee deposited \$27,006.07 into the Confiscated Assets Trust Fund during the reported financial year.



3. Income Stable Investment Strategy



Value of criminal assets confiscated



Value of claims for unclaimed moneys by financial year

2. Government Trust Moneys

The office holds responsibility for investment of trust moneys held within government in accordance with the 'Prudent Person Principle' of the *Trustee Act 1925*. Funds held as at 30 June 2004 total \$56M and these are invested in a range of securities including bank bills and financial institution deposits managed internally, a cash enhanced trust managed by Alliance Capital Management Australia Limited and a Fixed Interest trust managed by Suncorp Metway Investment Management Limited. Circumstances of each account are reviewed regularly and investment strategies decided according to individual risk profiles, objects, needs for income and any relevant governing legislation.

3. Unclaimed Moneys

The Public Trustee administers moneys in the Australian Capital Territory that have been declared unclaimed under the *Unclaimed Moneys Act 1950*, the *Legal Practitioners Act 1970* and the *Agents Act 2003*. In general, unclaimed moneys are accounts of various types that have been inactive over time. Examples of these can include deposits, dividends, superannuation benefits and retirement savings accounts of persons over retirement age.

Since the office took on the function on behalf of the ACT Government in 2000, the register has been transferred into electronic form. As at 30 June 2004, funds held under all three Acts totalled \$3,360,915.86.

In December 2003, the Unclaimed Moneys Register was integrated into the Internet and is now readily accessible for customer enquiry at

www.publictrustee.act.gov.au. This enhanced availability has heralded an increase in claims from 20 totalling \$137,000.00 for the half year to December 2003 rising to 37 totalling \$291,000.00 for the half year to 30 June 2004.

REPORT ON OVERALL AGENCY PERFORMANCE

Key Challenges and Plans

The Public Trustee's Business Plan for 2003/2005 identifies the following key result areas:

- Business Development – to diversify and build estate and trust business opportunities to promote service sustainability and expansion;
- Service Delivery and Client Satisfaction – to enhance and streamline core work processes for efficient and effective delivery of high quality services and rates of return;
- Strategic Relationships – to develop constructive relationships with key stakeholders to enhance leverage and influence in the marketplace and within the ACT community;
- Systems Development and Implementation – to provide better practice systems and support infrastructure to ensure transparency and accountability for all transactions and decisions; and
- Staffing and Capabilities – to attract and retain skilled and capable staff who are committed to the role of the Public Trustee and superior client service.

The measurement of the performance of the office is outlined in the *Public Trustee for the ACT Statement of Intent 2003/2004*.

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

Section 75 of the *Public Trustee Act 1985* provides the Public Trustee with discretion to reduce charges for services on the basis of hardship and in other circumstances.

While the Public Trustee has a documented policy on fee/commission reduction, fees are required to be paid where there is capacity to do so.

The Public Trustee receives some government funding for its Community Service Obligations (CSOs), however

the Public Trustee's operations are primarily self-sustaining. The capacity of the Public Trustee to fund CSOs is highly dependent upon business growth.

Performance Indicators

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

Key performance indicators include:

- rate of increase in volume of new business;
- return on investment of client funds;
- customer satisfaction; and
- meeting agreed standards of service.

FINANCIAL PERFORMANCE

A summary of the Public Trustee's financial performance is provided at Part 4 of this report.

Strategic Themes or Priorities for Action of the Canberra Plan

The Public Trustee will seek to embody the themes and visions of the Canberra Plan into its Business and Corporate Plans.

These will include-

Investing in our people

- Through choice and opportunity in Trustee services.

Building a stronger community

- Through the Capital Region Community Foundation.

A city for all ages

- Through the provision of services to the disabled, the disadvantaged and the ageing.

Canberra's Knowledge future

- By building partnerships to improve service levels and cost/benefit.
- By developing the Public Trustee's IT infrastructure and embracing the ACT Government's Integrated Document Management System (IDMS).

Partnerships for Growth

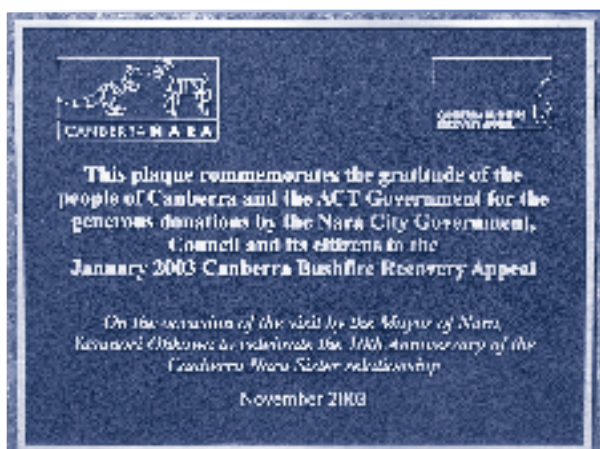
- Through business, community and peak body representative partnerships.

A Dynamic Heart

- The Public Trustee has identified a need to maintain a presence in the heart of the city to facilitate community access and through building naming rights.



Brian Jones, Yasunori Ohkawa, a representative of the Japanese Embassy and Bishop Browning at the Memorial Plaque given by the Mayor of Nara in commemoration of the Bushfire Appeal – 14 November 2003, Canberra Nara Park, Lennox Gardens.



Plaque commemorating the gratitude of the people of Canberra and the ACT Government for the generous donations by the Nara City Government, Council and its citizens to the January 2003 Canberra Bushfire Recovery Appeal.

Canberra Bushfire Recovery Appeal

For the period 1 July 2003 to 30 June 2004 gift of funds received totalled \$197,742.43.

Interest received for the period 1 July 2003 to 30 June 2004 on both the at call account and the cheque account totalled \$4,028.86.

Total funds gifted to Niki Van Buuren, in accordance with a decision of the Canberra Bushfire Recovery Appeal Fund Board, were \$100,000.00.

A third round payment was made on 24 November 2004 to those households that were deemed to have been suffering hardship. 129 payments were made totalling \$194,220.00.

The Statement of Accounts for finalisation of the Appeal may be found at Appendices in this report.

The Auditor's Report for the Appeal Fund can be found at Appendices in this Report.

SECTION 3.

ORGANISATIONAL GOVERNANCE ARRANGEMENTS

INTERNAL ACCOUNTABILITY
STRUCTURES AND PROCESSES

Public Trustee Management Team

The Public Trustee was established in 1986 under the *Public Trustee Act 1985* (the Act) to provide permanent and secure trustee services to the ACT Community.

The Public Trustee is a statutory office-holder and is directly responsible to the Department of Justice and Community Safety under the Attorney General.

The Act makes provision for the appointment of a Deputy Public Trustee.

The office comprises 26 staff including officers with the following qualifications –

- Practicing Solicitor;
- Certified Practicing Accountant; and
- Professional Investment/Funds Manager

Public Trustee Investment Board

The Public Trustee Investment Board (the Board) was established under S.46 of the Act in accordance with the requirements of the 'Prudent Person Principle' under the *Trustee Act 1925*.

The Board is responsible for advising the Public Trustee on the investment of money that is from time to time in the common fund or otherwise in the hands of the Public Trustee and available for investment.

The purpose of the Board is to foster and contribute to outcomes in the Public Trustee's overall funds management and investment activities. The Board provides expertise to ensure best practice in financial management and risk management, with the assistance of external financial markets consultants, Robert Johnson and Associates.

The Investment Board provides advice on core financial areas related to the development and management of the common fund on behalf of all public trustee client investors and to develop strategies, in conjunction with Government agencies, and manage all common funds on behalf of all ACT Government Trust investors.

The Board advises the Public Trustee on aspects of policy and its implementation to ensure that it meets the needs of the *Public Trustee Act 1985*, the *Trustee Act 1925* and the *Financial Management Act 1996*.

The *Public Trustee Act 1985* requires that the Board consists of the Public Trustee and at least two other members appointed by the Minister for a period not longer than 3 years.

The current board comprises –

- Andrew Taylor, Public Trustee, Chair *ex officio*.
- Glenys Roper provides business and management advice with Board experience in superannuation and corporate governance matters.
- Leonard Early has expertise in fund management, risk management and corporate governance.
- Roger Broughton has extensive experience in ACT Government financial policy together with his responsibilities in the financial management and investment of ACT Government funds and superannuation.

(Karen Doran resigned from the Board in August 2003. A replacement will be sought during the next financial year).

Members of the Public Trustee Investment Board do not receive remuneration.

The Board met five times during the year.

MEMBERS OF THE PUBLIC TRUSTEE
INVESTMENT BOARD DURING 2003/04



Ms Karen Doran



Ms Glenys Roper



Ms Diane Kargas
(*ex-chair*)



Mr Leonard Early



Mr Roger Broughton



Mr Andrew Taylor
(*chair*)

Public Trustee Investment Management Advisory Committee

The Public Trustee Investment Management Advisory Committee, an internal committee, sets direction, approves investment and reviews and endorses asset allocations under the 'Prudent Person Principle'.

The Committee assists the Public Trustee Investment Board with the ongoing management of the investment process.

The role of the Committee is as follows:

- Evaluating and recommending suitable fund managers to the Public Trustee Investment Board;
- Recommending to the Public Trustee levels for individual trust investment plans;
- Reviewing and overseeing the Investment process;
- Considering all trusts with an asset value of or exceeding \$1M;
- Reviewing and advising on asset allocation on individual trusts that come to the attention of the Committee due to special circumstances; and
- Developing investment plans for particular trusts in special circumstances.

The Committee comprises –

- Deputy Public Trustee – Investment Manager, Chair Public Trustee
- Senior Trust Officer – Investment Officer
- Finance Manager.

The Committee meets as required.



PUBLIC TRUSTEE INVESTMENT BOARD

GPO BOX 515
CANBERRA ACT 2601

When Replying
Please Quote:

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

Report of the Public Trustee Investment Board

The board was disappointed to receive the resignation of Ms Karen Doran due to other commitments and to lose the former Public Trustee Ms Di Kargas who has moved to the position of Executive Director Corporate Services in the Department of Justice and Community Safety. The board thanked Ms Kargas for her contribution during her term of over six years as Public Trustee and welcomed the new Public Trustee, Andrew Taylor.

During the year the board oversighted the move of the Cash Common Fund from half yearly distributions to quarterly distributions. All Common Funds now make income distributions quarterly.

While the office is not required to be licensed under the *Financial Services Reform Act 2001*, the Board has encouraged the office to be compliant to the greatest possible extent.

A generic procurement plan is in the course of approval so that the board is in a position to move quickly regarding incumbent fund managers if the circumstances for expeditious change arise. The board is aware of the Public Accounts Committee review of governance arrangements of statutory authorities and, although the office is not subject directly to this, the board is pleased that the office aims for compliance.

The board welcomed an audit process of office payments and systems during the year and received reports on the upgrading of the office trust accounting software and hardware.

Andrew Taylor
Chair
Public Trustee Investment Board

Public Trustee Management

Senior Managers of the office meet and consider a range of issues central to the Public Trustee's corporate governance arrangements including risk management, fraud mitigation, audit and management advisory functions.

Prudent Person Principle

Putman J. in *Harvard College v Amory* 26 Mass (9 Pick) 446 (1830) established modern interpretation of the 'prudent man rule' as follows –

"All that can be required of a trustee to invest is that he shall conduct himself faithfully and exercise a sound discretion. He is to observe men of prudence, discretion and intelligence manage their own affairs, not in regard to speculation but in regard to the permanent disposition of their funds, considering the probate income, as well as the probable safety of capital to be invested."

The *Trustee (Amendment) Act 1999* widened the investment powers of trustees, requiring trustees to invest funds with the care and skill that would be exercised by a prudent person.

To satisfy this requirement, the Public Trustee adopted an investment approach utilising additional sector-specific Common Funds in addition to the existing Common Fund.

The Public Trustee has adopted a disciplined approach to the investment of trust funds on the advice of Robert Johnson and Associates. This process ensures a standard practice for all trust investments leading to improved efficiency.

The adoption of the recommended process provides the Public Trustee with a sound platform on which to base the care, diligence and skill required in exercising investment powers under the amended legislation.

The Public Trustee has established unitised sector common funds, including the Public Trustee Listed Property Trust Common Fund. These funds offer greater choice and diversification to investment responsibilities and place greater discipline on the Public Trustee to achieve its aim of meeting both its own and clients' financial needs.

This is particularly evident in the current environment of volatile investment markets and low interest rates. To assist the office with the task of achieving its investment goals, expert consulting advice has been sought from Robert Johnson and Associates. Mr. Johnston is engaged on the basis of his expertise in the trustee area and more particularly in the 'Prudent Person Principle', to provide appropriate independent advice to the office and to the Public Trustee Investment Board.

Independent Advice

Independent advice is taken with respect to investments and asset allocation of the common funds. This independent advice is provided by fund managers including, but not limited to, investment advice provided by –

- Merrill Lynch;
- Suncorp Metway; and
- UBS Global Asset Management.

Legal Advice

The Government Solicitor for the ACT provides legal advice to the Public Trustee. The Public Trustee may also seek advice from non-government practitioners.

STRATEGIC AND ORGANISATIONAL PLANNING

The Public Trustee participates in the management of the Department of Justice and Community Safety through membership of relevant committees involving the development of strategic plans for the Department.

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

The Public Trustee formulates a three-yearly business plan. The current plan expires on 30 June 2005.

The Business Plan identifies a range of strategies, which provide the Public Trustee with the framework to build and sustain business, and to enhance the Public Trustee's role as a provider of quality trustee services to the ACT community.

RISK MANAGEMENT AND INTERNAL AUDIT ARRANGEMENTS

Risk Management

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

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

The Public Trustee has identified the following potential risks, which may influence the future financial position of the office -

- The Public Trustee must maintain its share of the trustee and estate administration market to ensure sufficient funds exist to meet current and future budgets, which in turn subsidise the Community Service Obligations of the office. The office is developing long term marketing strategies to address these issues in the business plan.
- The age profile of employees of the office indicates that a number of employees will retire within the next five to ten years. In order to obviate the risk of skill deterioration, the office is reviewing the workforce training plan as part of the business and strategic plan to ensure that skills are retained. A number of manuals are also being developed.

Prime risks facing the Public Trustee are as follows –

Staff capacity and capability

The consequences of this risk eventuating are considered serious, and include:

- Inability to adequately discharge statutory functions;
- Customer criticism;
- Reduced staff morale; and
- Increased workload.

The Public Trustee identifies the following as potential treatments for this risk:

- Succession planning;
- Being vigilant about factors which impact on staffing resources;
- Staff training;
- Performance management; and
- Development of a Public Trustee Practice Manual.

Lack of Communication

The consequences of this risk eventuating are considered serious, and include:

- Inconsistent office practices, impacting on corporate and legislative compliance;
- Reduced staff morale; and
- Lack of staff participation.

The Public Trustee will develop a communication strategy and a number of manuals as a potential treatment for this risk.

Inadequate Records Management

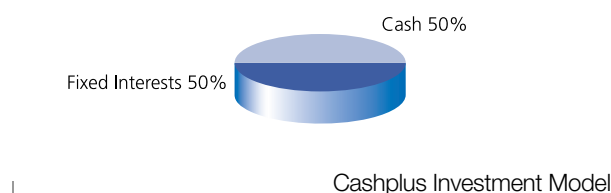
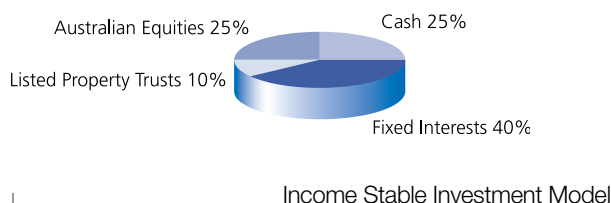
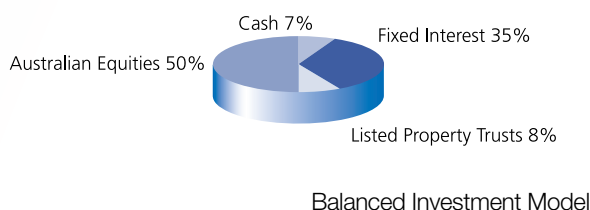
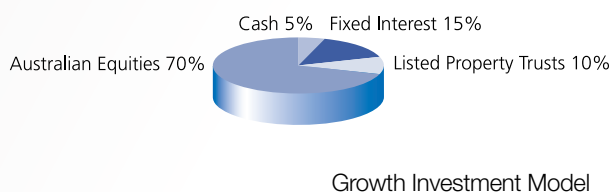
The consequences of this risk eventuating are considered serious, and include:

- Inadequate storage facilities;
- Inconsistent record maintenance methods;
- Deteriorating records;
- Storage costs; and
- Inaccurate, incomplete or lost records.

The Public Trustee identifies the following as potential treatments for this risk:

- Development of a records management plan in accordance with the *Territory Records Act 2002*;
- Develop disposal schedules; and
- Acquire and implement the ACT Government's Integrated Document Management System (IDMS).

Risk Profile Models



IT Environment, Support Services and System Back Up

The Public Trustee identifies the following as potential treatments for this risk:

- Develop a strategic IT Plan for the Public Trustee;
- Acquire a replacement server and locate within the InTACT server farm at Callam Offices, permitting automatic backup by InTACT;
- Establish a Development Environment to facilitate external contractor upgrades and data fixes;
- Upgrade the TACT Business System to current version;
- Monitor contractor performance; and
- Develop hardware replacement schedule.

Risk Profile Models

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

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

Public Trustee Risk Management Committee

Risk management is an important component of the Public Trustee's corporate governance arrangements, complementing the audit and management advisory functions. The role of the Risk Management Committee is to oversee all aspects of the following six-step process as it relates to the operations of the Public Trustee. Risks identified in the plan are kept under regular review, particularly when changes to respective practices and procedures are contemplated. The risk management process is applied to any new plans prior to implementation.

1. Acknowledge and identify risk.
2. Evaluate and prioritise risk.
3. Decide how to manage the identified risk.
4. Implement the risk management plan.
5. Review and revise the plan as needed.
6. Identify items for internal audit action.

Membership of the Committee comprises the Public Trustee, Investment Officer, Practice Manager, Finance Manager, Manager - Financial Management Unit together with external advice as required. The Committee meets as determined by the Public Trustee, or as required.

Internal Audit

As part of the Department of Justice and Community Safety's (JACS) 2003/04 Strategic Internal Audit Program, a review of the control framework governing bulk payments was performed. The audit focused on three JACS agencies including the Public Trustee. The audit addressed the risk that if these bulk payments functions are not adequately controlled the Department may be exposed to inappropriate or fraudulent treatment of Departmental funds, or lack a sufficient audit trail to support approved transactions.

The audit found that the internal control system and overall risk management of the Public Trustee is generally aligned with better practice at JACS. Systems testing identified that efficient and effective control mechanisms are in place for ensuring that payments are appropriately processed. Transaction testing on a sample of transactions found that all payments were being processed in an appropriate manner.

External Audit

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

No qualification was made in respect to the Public Trustee's financial reports.

Reports By The Auditor-General

No adverse statements were made by the Auditor-General regarding the operations of the Public Trustee during the reported period.

The Auditor-General's Report may be found at Appendices in this Report.

FRAUD PREVENTION ARRANGEMENTS

Risk, integrity and fraud management form part of the Public Trustee's governance arrangements complementing the audit and management advisory functions.

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

The Public Trustee is in the process of developing a detailed fraud/risk assessment and mitigation strategy. The purpose of the project is to identify business risks and areas of business vulnerable to fraud. The implementation of the strategy will serve to identify and highlight these issues and to put in place mechanisms and strategies to mitigate risk and fraud.

CULTURE AND VALUES

The Public Trustee strives to be peoples' first thought and choice for trustee and related services. This ethos is unaffected by a person's capacity to pay for the Public Trustee's services.

The Public Trustee has two distinct business facets –

- provision of services through its Community Service Obligations; and
- development of commercial activities.

The Public Trustee strives to develop and maintain in its staff, a culture of –

- excellent customer service;
- high skill levels;
- fairness and equity;
- compassion and empathy; and
- honesty and integrity.

The Public Trustee has in place a continuous Customer Feedback process. Customers are encouraged to complete and return survey forms and all feedback is analysed from a Continuous Improvement perspective. Customer complaints are routinely investigated and responded to by the Public Trustee.

The Public Trustee has developed a policy in respect to gifts and inducements. A register is maintained in respect to all gifts offered, accepted or refused.

The Public Trustee's Practice Manager convenes regular meetings with trust officers and management staff aimed at ensuring staff awareness of Public Trustee practices, values and minimum required standards of conduct.

Feedback indicates that the Public Trustee enjoys a high level of confidence and satisfaction amongst its customer groups.

PROCUREMENT CONTRACTING PRINCIPLES AND PROCESSES

During the reported year the Public Trustee did not finalise any procurement activities.

The Public Trustee is however, in the process of seeking APU endorsement for the procurement of Funds Managers for the Public Trustee's Common Funds for a period of up to five years.

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



Presentation of Annual Report Awards – Institute of Public Administration – July 2004. The Public Trustee was one of three agencies in the Department to receive an award.

The Public Trustee has prepared a Procurement Plan and Request for Quote in accordance with ACT Government Procurement Policies. Procurement Solutions and the ACT Government Solicitor provided assistance with the Procurement Plan and the RFQ.

Select invitation of offers, via a RFQ process, was identified as the most appropriate procurement method. The proposed process is regarded as the most efficient in terms of resources time and effort, cost (value for money) and is the accepted market practice in the financial services industry.

EXTERNAL SCRUTINY

Assembly Committees and Government Inquiries

No submissions were made to Assembly Committees during the year.

Review by the ACT Ombudsman

The ACT Ombudsman reported that 16 complaints were received during the year, representing an increase of 7 over the previous year.

All 16 complaints received were finalised covering 21 issues. The main issue complained about was Guardianship (15).

Of these 21 issues, 6 were investigated, resulting in no finding of defective administration. The Ombudsman exercised discretion not to investigate 15 issues and referred the complainant back to the Public Trustee on 4 issues. The Ombudsman found 16 issues were not warranted with the remaining issue withdrawn.

The four issues referred to the Public Trustee have been responded to.

Other Reviews

No judicial decisions or decisions of administrative tribunals were made having an impact on the operations of the Public Trustee.

No reports were made by the Auditor-General (other than financial) having an adverse finding in respect to the operations of the Public Trustee.

SECTION 4. FINANCIAL PERFORMANCE

AGENCY FINANCIAL RESULTS AND ANALYSIS OF FINANCIAL PERFORMANCE

The following financial information is based upon the audited Financial Statements for 2003/04, and 2003/04 and forward estimates contained in the 2003/04 Budget Paper Number 4.

Operating Result

The operating deficit for 2003/04 was \$47,512.00, a decrease of \$403,512.00 on the 2003-04 budget surplus of \$356,000.00. The decrease was largely due to expenditure rising at a higher rate than revenue.

Figure 1 illustrates that the Public Trustee anticipates increasing revenue and expenses with a gradual increase in operating surplus.

Total Revenue

As illustrated in figure 2 the Public Trustee derives 70% of its revenue from fees and charges relating to the provision of trustee services.

Total revenue for the year ending 30 June 2004 was \$2,345,425.00 which is \$153,575.00 lower than the 2003-04 budget of \$2,499,000.00. This decrease is due to high value estates and trusts received for administration purposes.

Total revenue is 6.4% or \$161,786.00 lower than total revenue for the same period in the 2002/03 year.

Revenue is budgeted to increase by \$312,575.00 for the 2004/05 financial year compared to the 2003/04 financial year actual figures.

Total Expenditure

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

Total expenditure for the year ending 30 June 2004 was \$2,392,938.00 of which \$1,652,430.00, or 69%, was employee-related expenditure. Budgeted expenditure for the financial year was \$2,143,000.00. The increase in expenditure compared with budgeted and the prior year was as a result of changes to

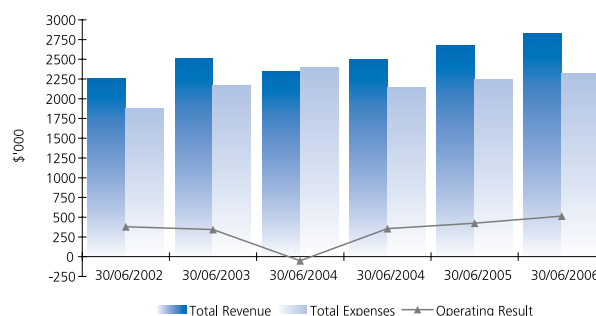


Figure 1. Statement of Financial Performance Trends

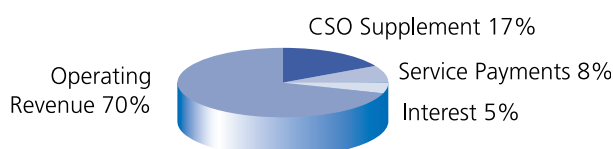


Figure 2. Components of Revenue 2003-04

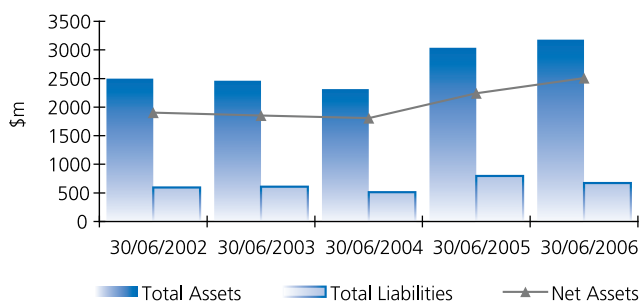


Figure 3. Summary Statement of Financial Position

employee provisions and a higher than average number in staffing levels during the year.

On current figures, expenditure in the 2004/05 financial year is anticipated to increase by \$172,062.00 due to costs associated with the finalisation of the workforce planning process and the implementation of a new enterprise bargaining agreement.

Public Trustee Financial Position

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

Sustained Asset Base

The ability of the Public Trustee to sustain its assets base is indicated by changes in net assets. As Figure 3 illustrates, the Public Trustee maintains a strong net asset position due to the increased level of funds under management, in comparison with liabilities.

The net asset position as at 30 June 2004 of \$1,806,423.00 is \$229,577.00 lower than the 2003/04 budget of \$2,036,000.00, and lower than the 30 June 2003 outcome by \$47,513.00. However, the net asset position continues to indicate an asset base capable of meeting the service requirements of clients of the Public Trustee.

Liquidity

"Liquidity" is the ability of the Public Trustee to satisfy its short-term debts as they fall due. A common indicator for liquidity is the current ratio, which compares the ability to fund short-term liabilities from short-term assets. A ratio of less than 1 to 1 may indicate a reliance on the next financial year's operating revenue to meet short term debts. Table 1 illustrates the liquidity position of the Public Trustee. The Public Trustee's current ratio for the financial year to date is 9.74 to 1, an improvement on the budgeted current ratio of 6.61 to 1.

The current ratio is expected to decrease in forward years as the Public Trustee anticipates a net profit and therefore an increase in current liabilities to provide for a dividend payable. Despite this, the Public Trustee will still maintain a strong level of liquidity.

Table 1

CURRENT RATIO

| | Prior Year Actual \$'000 2002/03 | Current Year Budget \$'000 2003/04 | Current Year Actual \$'000 2003/04 | Forward Year Budget \$'000 2004/05 | Forward Year Budget \$'000 2005/06 | Forward Year Budget \$'000 2006/07 |
|----------------------------------|---|---|---|---|---|---|
| Total Current Assets | 2,462 | 2,584 | 2318 | 2,851 | 3,179 | 3,523 |
| Total Current Liabilities | 437 | 391 | 238 | 424 | 474 | 510 |
| Current Ratio | 5.63:1 | 6.61:1 | 9.74:1 | 6.72:1 | 6.71:1 | 6.91:1 |

Long Term Liabilities

The Public Trustee's non-current liabilities for the financial year ended 30 June 2004 were \$273,223.00, higher than the budgeted figure of \$157,000.00 and \$101,783.00 higher than the 2002-03 actual result of \$171,440.00. The sole non-current liability of the Public Trustee is a provision for employee benefits, representing staff entitlement to long service leave. The increase is contributable to an influx of staff with a large, unfunded, long service leave accrual.

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 for 30 June 2004 as indicated in Table 2 is 4.51 to 1, increasing to 4.69 to 1 in 2004/05 and remaining constant in forward years. The ratio of 4.51 to 1 is an increase from 3.96 to 1 resulting from a higher than anticipated balance in receivables. The Public Trustee Investment Board approved a change in investment policy, which will provide clients with quarterly income distributions instead of bi-annual distributions. The change may have a slight impact on the ratios highlighted in tables 1 and 2.

Table 2

FINANCIAL ASSETS TO TOTAL LIABILITIES RATIO

| | Prior Year Actual \$'000 2002/03 | Current Year Budget \$'000 2003/04 | Current Year Actual \$'000 2003/04 | Forward Year Budget \$'000 2004/05 | Forward Year Budget \$'000 2005/06 | Forward Year Budget \$'000 2006/07 |
|--|---|---|---|---|---|---|
| Total Financial Assets | 2,417 | 2,561 | 2,304 | 2,827 | 3,154 | 3,497 |
| Total Liabilities | 609 | 548 | 511 | 603 | 674 | 731 |
| Financial Assets to Liabilities Ratio | 3.96:1 | 4.67:1 | 4.51:1 | 4.69:1 | 4.68:1 | 4.78:1 |

PUBLIC TRUSTEE FOR THE ACT STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2004

Performance of the Public Trustee for the Australian Capital Territory 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 to meet agreed standards and to provide professional and efficient services to the ACT Community.

| INDICATOR | TARGET 2003/04 | ACTUAL OUTCOME 2003/04 | % Variance | Notes |
|---|-------------------|------------------------------|---------------|-------|
| No of Current Financial Management under Orders of the Guardianship and Management of Property Tribunal (GMPT) | 345 | 369 | 7% | 1 |
| No of active financial management accounts under Power of Attorney and Enduring Power of Attorney | 97 | 95 | (2%) | - |
| No of responses to community call outs following death | 12 | 4 | (66%) | 2/3 |
| No of Welfare funerals arranged | 4 | 6 | 50% | 2/3 |
| No of Examinations of accounts provided from external managers under GMPT | 250 | 265 | 6% | 4 |
| No of Deceased Estate Administrations completed < \$100,000 | 76 | 48 | (37%) | 5/6 |
| No of Deceased Estate Administrations completed > \$100,000 | 44 | 31 | (30%) | 5/6 |
| No of trusts held under legal liability less than <\$100,000 | 565 | 561 | (1%) | 7/8 |
| No of trusts held under legal liability > \$100,000 | 32 | 23 | (28%) | 7/8 |
| Wills | 545 | 584 | 7% | 9 |
| Percentage of expenditure over total income | 86% | 102% | 19% | |

NOTES

1. The number of clients under Guardianship and Management of Property Orders has increased due to the need to appoint the Public Trustee as manager of last resort.
- 2/3 Number of welfare funerals and AFP call-outs is dependent on the level of funds of deceased and the ability to contact known family members, PTO involvement is last resort.
4. The number of examinations conducted is reliant on external managers producing their accounts annually to the Public Trustee for examination.
- 5/6. The number of estates completed less than and greater than \$100,000 depends on the level of funds in the estate at the time of death.
- 7/8 The number of trusts under \$100,000 has reduced due to changes in the legislation for criminal injuries compensation involving minors or people lacking capacity together with legislation changes to the payment of structured settlements in court awards. The number of trusts over \$100,000 may decrease due to legislation that will bring in structured settlements. The PTO is, as part of a court award, required to manage the funds of minors and people lacking legal capacity. The office relies upon being nominated by the Court and the legal team of the next friend as the appointed trustee for people lacking legal capacity. There may be changes in the manner in which awards are funded that may impact on trusts under PTO care.
9. The number of requests for new and changed wills remains comparatively high due to the marketing strategies and community education

conducted by the office during the year.

CAPITAL WORKS MANAGEMENT

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

ASSET MANAGEMENT STRATEGY

The Public Trustee's assets are included in the Department of Justice and Community Safety's asset management strategy and reported on in the Department's Annual Report.

In order to track and manage computing and office equipment the Public Trustee uses the InTACT ATLAS system, which is updated to reflect any equipment changes.

GOVERNMENT CONTRACTUAL DEBTS (INTEREST)

The *Government Contractual Debts (Interest) Act 1994* applied to all contracts entered into by the Public Trustee during the reported year.

SECTION 5.

HUMAN RESOURCE PERFORMANCE



Staff of the Public Trustee for the ACT

ANALYSIS OF HUMAN RESOURCE PERFORMANCE

The Public Trustee seeks to promote excellence in service delivery amongst all staff.

A focus of the office is to continually build upon the existing high skill set to ensure that the office is well positioned to meet the diverse nature of business demands.

Services are delivered through four business units:

- Corporate – including Finance, Administration, Management, Business Development and Marketing,
- Investment Selection and Performance;
- Estate and Trusts Management; and
- Financial Management Unit.

Employment Arrangements

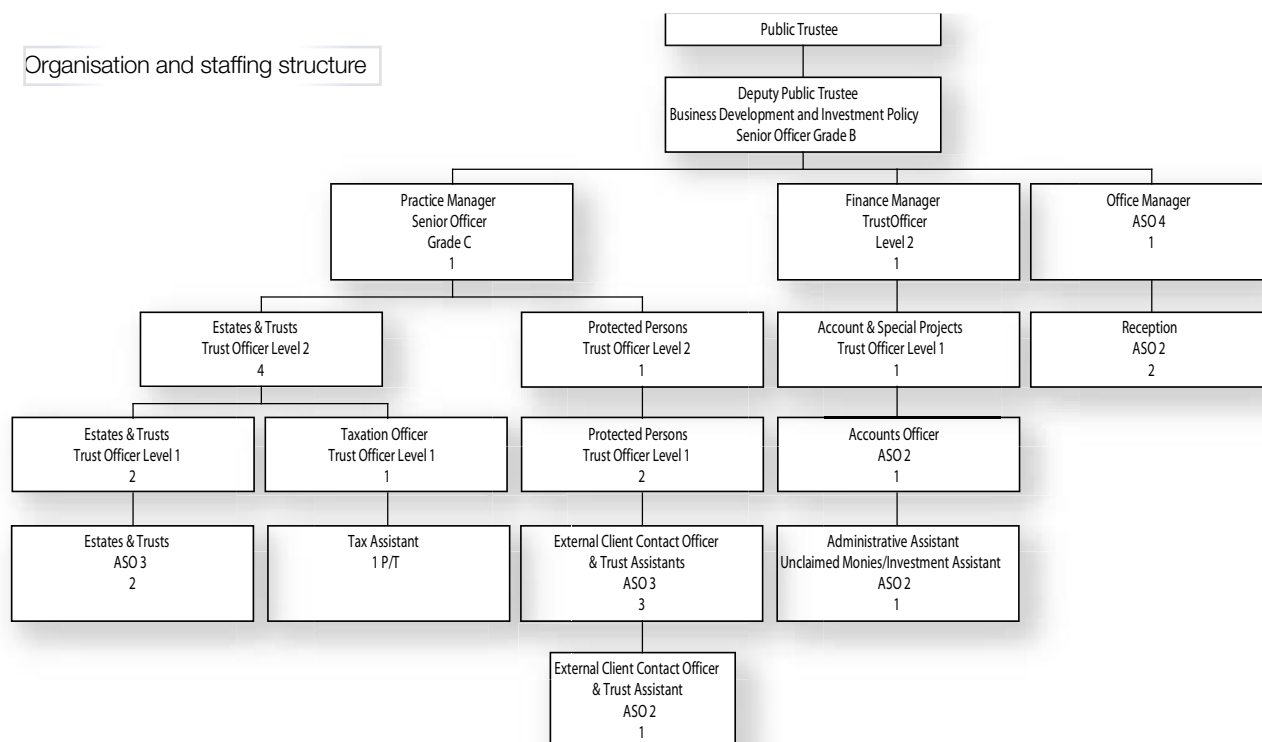
Staff are engaged under the *Public Sector Management Act 1994*. Terms and conditions of employment are specified by that Act or as varied by the Department of Justice and Community Safety Certified Agreement 2002/2004.

The remuneration for the Office of Public Trustee is determined by the ACT Remuneration Tribunal as for Executives of the ACT Public Service.

Workforce Planning

During the year, the office established a Workforce Planning Committee, comprising the Public Trustee and representatives from each section, to develop a framework and oversee future workforce planning

Organisation and staffing structure



initiatives. The following initiatives were identified for further development:

- a new performance management framework;
- revised recruitment strategies, which ensure that the office can attract appropriately qualified staff;
- development of staff consistent with the priorities of the organisation as identified in the 2002/2005 Business Plan; and
- a career and succession structure that enhances and recognises the value of professional staff.

WORKPLACE RELATIONS

This has been covered in the Department of Justice and Community and Safety's Annual Report 2003/2004.

WORKPLACE INJURY PREVENTION AND MANAGEMENT AND HEALTH AND SAFETY ISSUES

Workers Compensation

There were no workers' compensation claims reported during the reported year. The annual premium for the office in 2003/2004 was \$25,839.00. This premium reflects influences external to the office and is not purely indicative of the claims history.

Occupational Health and Safety (OH&S)

Specialised OH&S training was provided during the period as follows:

- Touch typing software installed on two PCs and one employee attended a typing course at CIT.
- Four staff were trained to deal with aggressive client interactions.
- Fire warden training was provided to the PTO fire warden.
- Four officers attended Elder Abuse Prevention seminars.

The office undertook a major workplace assessment for all staff through Donna Trevena & Associates. In line with the recommendations arising from this assessment, the following issues were attended to – new workstations; several workstations raised in height; corner lozenges, document holders, split keyboards, gel wrist rests and infra-red mice acquired; digital flat screen monitors purchased; hard plastic floor mats removed; electric leads checked and

organised.

In addition, contractors were engaged to:

- repair faulty compactus tracks;
- re-position "EXIT" signs;
- replace all faulty light tubes; and
- attach door handles to customer doors.

A special needs workplace assessment was undertaken for two staff with disabilities. As a result, digital monitors were acquired, their workstations were adjusted, new chairs purchased and lighting adjusted.

The office received no directions under S.78 or notices under S.76 of the *Occupational Health and Safety Act 1998*.

WORKPLACE DIVERSITY

The Public Trustee is committed to the implementation of the Equity and Diversity Management Plan of the Department of Justice and Community Safety. The Public Trustee continues to adhere to equality and equity principles and practices in its staffing strategy.

LEARNING AND DEVELOPMENT

Staff are encouraged to develop and enhance their skills and knowledge by undertaking study on topics that are relevant to the operations of the Public Trustee.

During the reported year the Public Trustee provided \$20,745.00 towards training for office staff.

The key business areas for training and development priorities, as identified by the organisation and included in individual Performance Management Plans are:

- Introduction to Trust Administration;
- Introduction to Investments;
- Diploma in Financial Advising;
- Business Development and Information Training; and
- Graduate Certificate in Public Sector Management.

The subjects covered by staff training include:

- Trust Accounting – multiple common funds;
- Wills and Estate Administration;
- Business Development and Technical Information;
- Risk Management and Fraud Prevention;
- Handling Anger and Aggression;

- Dealing with Clients with a Disability;
- GST, FBT and Taxation;
- Accounting Software; GST updates, MYOB, PEREMOTE and PERSPECT training;
- Occupational Health & Safety;
- First Aid course; and
- Fire Warden course.

Record of training undertaken by staff for the period 1/7/03 to 30/6/04.

| NAME | DATE | COURSE |
|-----------------|---------------------|--|
| Rachel Aird | Semester 2 2003 | Executor & Trustee Institute Introduction to Investments |
| Pam Brooks | 1/6/04 | Commencement of New Procedures in ACT Conveyancing, including New Contract |
| Penny Costello | 17/3/04 | Aggressive Client Interactions |
| | Semester 1 2004 | Executor & Trustee Institute Semester 1 2004 |
| | 30/4/04 | Elder Abuse Prevention Workshop |
| Judith Davies | 14/10/03 | Tax Hotspots |
| | 3/11/03 | Tax Updates |
| | 17/11/03 | Strategic Decision Making |
| | 26/11/03 | Tax Update |
| | 27/11/03 | ATO Tax Update |
| | 19/2/04 | FBT |
| | 22/4/04 | NTAA - Estate Planning |
| | 23/4/04 | NTAA Tax & Property |
| | 13,14/5/04 | Tax Update 2004 |
| | 4/6/04 | Tax Implications - Trusts |
| | 16/6/04 | Handisoft Update |
| Doug Gillespie | 11-13/8/03 | Unit Trust Administration |
| | 15-17/10/03 | Ultradata Conference - Trust Accounting System |
| | 19/2/04 | FBT |
| | 24/2/04 | Investment Markets/Financial Service Reform |
| | 11/3/04 | Issues for changes to Powers of Attorney Legislation |
| | 22/4/04 | NTAA - Estate Planning |
| Wendy Grybaitis | 17/3/04 | Aggressive Client Interactions |
| | 23/4/04 and 14/5/04 | Elder Abuse Prevention |
| Kevin Hardy | 23/7/03 | Fire Wardens training |
| | 11/8/03 | Health and Safety Refresher Training - Staff Representative |
| | Semester 2 2003 | Executor & Trustee Institute Wills & Powers of Attorney |
| Rebecca Hardy | Semester 1 2004 | Executor & Trustee Institute Trust Administration Introductory |

| | | |
|-----------------------------|---|--|
| Amanda Haynes | 23/4/04 and 28/5/04 | Elder Abuse Prevention Workshop |
| | 24/2/04 | Investment Markets/Financial Service Reform |
| Diane Kargas | 3 & 9/12/03 | Company Directors course |
| | 10/12/03 | Company Directors examination |
| | 31/10/03 | Mentoring in the ACT Government |
| Stephen Kellett | 11/3/04 | Issues for changes to the Powers of Attorney Legislation |
| | 1/6/04 | Commencement of New Procedures in ACT Conveyancing, including New Contract |
| | 24/2/04 | Investment Markets/Financial Service Reform |
| Toni Leiper | 24/2/04 | Investment Markets/Financial Service Reform |
| Sue La Peyre | 11/3/04 | Issues for changes to the Powers of Attorney Legislation |
| | 1/6/04 | Commencement of New Procedures in ACT Conveyancing, including New Contract |
| Lorraine Mason | 2-3/9/03 | Workplace Diversity Contact Officers Workshop (EEO) |
| | 11/12/03 | Introduction to Risk Management |
| Tim McLeod | 23/7/03 | Fire Wardens training |
| | Semester 1 2004 | Executor & Trustee Institute Trust Administration Introductory |
| | 23/3/04 | Aggressive Client Interactions |
| | 20-23/4/04 | Health & Safety Training - Staff Representative |
| | 30/4/04 | Elder Abuse Prevention |
| Stacey McNamara | Semester 2 2003 | Executor & Trustee Institute Trust Administration Introductory |
| | Semester 1 2004 Withdrew 9/3/04 Refund of 70% | Executor & Trustee Institute Wills & Powers of Attorney |
| Margaret Robin (Meiklejohn) | 11-14/8/03 | Initial training for Health & Safety - Management Representative |
| Susan Shaw | Semester 2 2003 | Executor & Trustee Institute Taxation & Investments TRS 303 |
| | Semester 1 2004 | Executor & Trustee Institute Estate Planning |
| David Stenhouse | 23/3/04 | Aggressive Client Interactions |
| Andrew Taylor | 1/6/04 | Commencement of New Procedures in ACT Conveyancing, including New Contract |
| | 22-24/6/04 | ACT Government Leadership Residential – Yellow Edge Performance Architects |
| Peter Telford | 11/3/04 | Issues for changes to the Powers of Attorney Legislation |
| | 11-13/8/03 | Unit Trust Administration |

SECTION 6. INFORMATION AND ACCESS

FREEDOM OF INFORMATION

Documents held by the Public Trustee include Trust files, Deceased Estate files, Management files, Investment Board minutes, Income Tax files, Wills and Powers of Attorney. These files and documents are confidential and are available only to authorised persons.

No requests were made under the *Freedom of Information Act 1996*.

A Freedom of Information Statement is contained in the Department of Justice & Community Safety's Annual Report for 2003/2004.

The Public Trustee has committed to implementing the ACT Government's Integrated Document Management System (IDMS) for the management of its administrative records. Advice is being sought as to the appropriateness of this medium in respect to specific legal documents such as Wills and Powers of Attorney.

The office will model its records Thesaurus and Disposal Schedule on that kindly provided by the Tasmanian State Archivist.

PUBLIC INTEREST DISCLOSURE

The *Public Interest Disclosure Act 1994* (the Act) requires each ACT Government agency to establish and maintain procedures to facilitate the making of public interest disclosures.

The Public Trustee has procedures in place to assist people who wish to disclose matters under the Act. Persons interested in making a disclosure are advised to do so to the Department of Justice and Community Safety, the ACT Ombudsman or the ACT Auditor – General.

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

No public interest disclosures were made during 2003/2004.

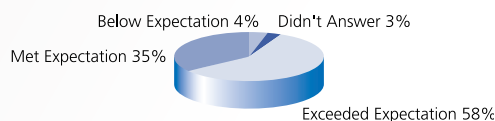
TERRITORY RECORDS

In response to the introduction of the *Territory Records Act 2002*, the Public Trustee commenced preparation of its Records Management Policy and related procedures.

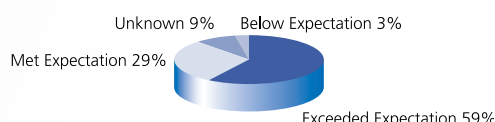
The Public Trustee's Records management procedures specify how the Records Management Policy is implemented. They detail the practical requirements of the Public Trustee's record-keeping, including the standard operating procedures for all staff to follow when carrying out record keeping and identify responsibility for each of the tasks in the record-keeping process.

SECTION 7.
COMMUNITY AND ENVIRONMENT

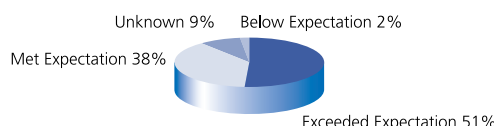
Client Satisfaction Survey Results



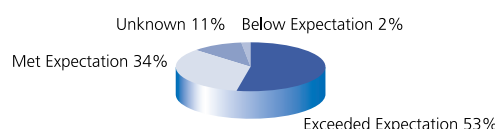
Overall Rating



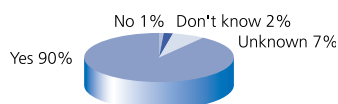
Efficiency



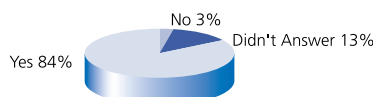
Client Standards



Professionalism



Understand Advice



Would you recommend our services

COMMUNITY ENGAGEMENT

The Public Trustee actively seeks comment and feedback from clients and stakeholders. A continuous Customer Survey seeks assessment against the following criteria –

- Overall rating;
- Efficiency;
- Client standards;
- Professionalism;
- Understand advice; and
- Recommend service.

Clients are also asked if they would recommend the Public Trustee.

The 2003/2004 survey demonstrates a high level of satisfaction against the criteria.

The Public Trustee has statutory discretion to receive a reduced commission for its services where hardship can be demonstrated and in other circumstances. The efficient management of its business streams permits the Public Trustee to subsidise the work it performs for the disadvantaged.

Information about the Public Trustee is available at www.publictrustee.act.gov.au.

The Public Trustee's email address is publictrustee@act.gov.au.

Public Education

The Public Trustee seeks to increase awareness of its services within the community. This is largely driven through the program "Financial Planning for your Future" and focuses on informing the community about the importance of having a well drafted Will and an Enduring Power of Attorney.

The Public Trustee provides regular articles to newspapers and periodicals circulating in the Territory.

Presentations made by Public Trustee staff 2003/2004

| DATE | ORGANISATION | TOPICS | SPEAKER | NUMBER ATTENDED |
|---------|-------------------------------------|--|----------------|-----------------|
| 25/5/04 | HLB Mann Judd Financial Services | Changes to Legislation Old to New form Witnessing provisions | Doug Gillespie | 20 |
| 21/4/04 | Alzheimers Australia | Powers of Attorney | Doug Gillespie | 10 |
| 10/3/04 | Southpaw Stroke Club | Wills & Enduring Powers of Attorney | Peter Telford | 30 |
| 18/3/04 | Association of Independent Retirees | Wills, Estates & Enduring Powers of Attorney | Doug Gillespie | 40 |
| 5/11/03 | Alzheimers Australia | Enduring Powers of Attorney, Wills and Management | Peter Telford | 12 |
| 3/11/03 | Women on Boards | Becoming a director or members of a board | Doug Gillespie | 200 |

Representation

The Public Trustee is represented at:

- The Business Development and Marketing Committee for Public Trustees, an Australia-wide Committee;
- The Taxation and Education Committee of the Trustee Corporations Association of Australia.
- Australian Guardianship and Administration Committee;
- Public Trustees Australian and New Zealand Bi-Annual Conference;
- Trustee Corporations Association National Council;
- Trustee Corporations Association – NSW/ACT Council; and
- Ultradata Users' Conference.

Ministerial Advisory Council On Ageing

The ACT Ministerial Advisory Council on Ageing was formed in July 2002. The Public Trustee is a founding member of the Council. The key role of the Council is to assist the ACT Government to understand the needs and concerns of older Canberrans. The Council assists the ACT Government to advance the status and interests of older people, and provides advice on issues that are referred by the Chief Minister or raised through community consultation.

The Mission of the Council is to provide high quality, objective and responsive advice to assist the ACT Government in:

- Developing and implementing policies for the advancement of older people in the ACT community;
- Meeting the Government's commitment to foster positive ageing and a sense of well-being; and
- Ensuring that older Canberrans feel safe and valued, and that they have access to appropriate programs and services.

The Public Trustee provided \$10,000.00 as major sponsor for *Life's Reflection*, a photographic competition and exhibition during Seniors Week 2004. The competition sought to celebrate life over 50 and to demonstrate the bond between seniors and the wider community. Accordingly the theme of the competition was 'Live, Laugh and Love'.

The competition was open to photographers in under 12, 12 to 18 and adult categories. More than 160 entries were received and exhibited at the Hughes Community Centre. Judging was undertaken by Marion Jones (Canberra Times), Niki van Buuren (photography student) and Andrew Sayers (Director, National Portrait Gallery).

A selection of the entries is published on the cover of this report.

Promotion of the Public Trustee

The Public Trustee has effectively promoted its services through –

- monthly advertisements in the Canberra Times and Chronicle, Council of the Ageing ACT and "Start Living 50Plus";
- Seniors' Week Photo Competition;
- addresses to financial planning seminars;
- presentations to retirement seminars;
- presentation to Association of Independent Retirees and Superannuated Commonwealth Officers; and
- presentations to Alzheimers Australia.

The Public Trustee also supports the Anglicare Pantry Appeal.

Capital Region Community Foundation

The Capital Region Community Foundation is a public charitable trust established through the efforts of a committee of community-minded citizens with the support of the Public Trustee.

The foundation holds taxation office endorsement as

an income tax exempt charity and its gift fund holds deductible gift recipient status (ABN 33 180 890 151).

The foundation provides the Canberra and region community with a convenient structure to deliver a permanent funding source to charities. A gift to the foundation is perpetual, as the foundation treats a gift as capital, which is preserved and income generated is distributed regularly to the nominated charities.

The foundation has the support of an active management committee comprising community-minded persons from various backgrounds who provide their time on an honorary basis.

The Public Trustee provides administrative support and the board members contribute their time and expertise free of charge.

Available gift choices include:

- General Fund, for worthy causes selected by the board;
- Named Charity, to benefit a selected charity;
- Naming Rights Fund, to a named fund; and,
- Corporate Workplace Giving Fund, to facilitate workplace giving programs.

The Foundation has now received \$190,000.00.

COST-BENEFIT ANALYSIS OF BUSINESS REGULATION REFORM

The Public Trustee did not undertake any regulatory reforms during the year that would benefit or impose a cost on the business community.

COMMISSIONER FOR THE ENVIRONMENT REPORTING

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

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

The Public Trustee reports that no requests were made and no assistance provided. No investigations were made by the Commissioner and no recommendations were made.

ECOLOGICALLY SUSTAINABLE DEVELOPMENT

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

The Public Trustee seeks to provide its services to the ACT Community and Government in a manner which supports ecologically sustainable development. The office does this by employing practices aimed at reducing waste. These practices include –

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

FUEL MANAGEMENT PLANS

The Public Trustee does not engage in any fuel management activity.

ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

The Public Trustee's responsibilities and activities touch and concern all members of the ACT Community. The Public Trustee has a strong multicultural focus and has broad strategies in place to ensure that staff members are acquainted with issues and responsibilities and to deliver programs to a broad spectrum of the community from diverse cultural backgrounds.

These programs are more particularly described in Multicultural Framework.

The nature of the Public Trustee's statutory responsibilities and powers are such that the Public Trustee has discretion to relax prescribed requirements within specified criteria.

The Public Trustee consciously uses this discretion to ensure that persons from all socio-economic groups can access the services of the office.

MULTICULTURAL FRAMEWORK

The Framework for a Multicultural ACT 2001/2005 was released in May 2001.

Initiatives include the following –

- Include interpreter blocks on all pamphlets.
- Increase staff awareness of and actively use interpreter services. Staff with LOTE skills both within the office and other ACT agencies have been identified for potential use.
- Continue to provide addresses to ethnic community groups on Wills, Powers of Attorney, Estate Administration and Financial Management.
- Include a note to advise of interpreter services on the Public Trustee's website.
- Promote and ensure fairness and diversity in the appointment of staff.

The Public Trustee has received a number of letters of commendation following its addresses to community groups.

JUSTICE OPTIONS AND PREVENTION POLICY FRAMEWORK

Not applicable.



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
ANNUAL REPORT
2003-04

APPENDICES



AUDITOR-GENERAL

Australian Capital Territory



INDEPENDENT AUDIT REPORT

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

To the Members of the ACT Legislative Assembly

Audit Opinion

In my opinion, the financial statements of the Public Trustee for the Australian Capital Territory for the year ended 30 June 2004:

- (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 for the Australian Capital Territory as at 30 June 2004 and the results of its operations and its cash flows for the year then ended.

Responsibility for the Financial Statements

The Public Trustee of the Australian Capital Territory is responsible for the financial statements. This includes responsibility for accounting policies and estimates used in the preparation of the financial statements and the maintenance of adequate accounting records and internal controls.

Contents of the Financial Statements

The financial statements are comprised of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Statement of Performance and accompanying notes.

The Auditor's Responsibility

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

The Audit Scope

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

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

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

My procedures included:

- (i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial statements; and
- (ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial statements.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however the audit was not designed to provide assurance on internal controls. My audit also did not involve the evaluation of the prudence of decisions made by the Public Trustee of the Australian Capital Territory.

Statement of Performance

My audit of the Statement of Performance included an assessment of whether reported performance measures are materially correct. However no audit opinion is expressed on the accuracy of explanations provided for variations between actual and budgeted performance due to the essential subjectivity of such explanations.



Tu Pham
Auditor-General
4 August 2004

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
STATEMENT OF RESPONSIBILITY
FOR THE YEAR ENDED 30 JUNE 2004**

In my opinion, the financial statements are presented in accordance with the Public Trustee for the Australian Capital Territory's accounts and records, and fairly reflect the financial operations and service performance of the Public Trustee for the Australian Capital Territory for the year ended 30 June 2004, and the financial position on that date.



Andrew Taylor
Public Trustee
28 July 2004

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 30TH JUNE 2004**

| | Notes | <u>Actual</u> | 2004 <u>Budget</u> | 2003 <u>Actual</u> |
|--|-------|------------------|-----------------------|-----------------------|
| | | \$ | \$ | \$ |
| REVENUE | | | | |
| Service Payments from General Government Sector | 4 | 192 000 | 192 000 | 313 000 |
| Community Service Obligation Payment | | 397 000 | 397 000 | 393 000 |
| Operating Revenue | 5 | 1 638 377 | 1 800 000 | 1 663 470 |
| Resources Received Free of Charge | 6 | 0 | 0 | 27 354 |
| Interest | | 118 048 | 110 000 | 110 387 |
| Total Ordinary Revenue | | 2 345 425 | 2 499 000 | 2 507 211 |
| EXPENSES | | | | |
| Employee Expenses | 7 | 1 652 430 | 1 432 000 | 1 423 907 |
| Supplies and Services | 8 | 740 507 | 711 000 | 740 163 |
| Total Ordinary Expenses | | 2 392 938 | 2 143 000 | 2 164 070 |
| Operating (Deficit)/Surplus | | (47 512) | 356 000 | 343 141 |
| Net Effect of the Revised Accounting Standard | 14 | 0 | 0 | (6 964) |
| Change in Equity other than those resulting from Transactions with owners as owners | | (47 512) | 356 000 | 336 177 |
| Dividend paid | | 0 | (178 000) | (171 570) |
| Total changes in Equity including those resulting from transactions with owners as Owners | | (47 512) | 178 000 | 164 607 |

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2004**

| | Notes | 2004 <u>Actual</u> | <u>Budget</u> | 2003 <u>Actual</u> |
|--------------------------------------|-------|-----------------------|------------------|-----------------------|
| | | \$ | \$ | \$ |
| CURRENT ASSETS | | | | |
| Cash | 9 | 165 485 | 20 000 | 354 938 |
| Investments | | 2 025 000 | 2 341 000 | 1 975 000 |
| Receivables | 10 | 113 916 | 200 000 | 86 969 |
| Prepayments | | 13 237 | 23 000 | 45 901 |
| Total Current Assets | | 2 317 638 | 2 584 000 | 2 462 808 |
| Total Assets | | 2 317 638 | 2 584 000 | 2 462 808 |
| CURRENT LIABILITIES | | | | |
| Payables | 11 | 39 708 | 117 000 | 59 613 |
| Employee Benefits | 12 | 198 284 | 135 000 | 206 248 |
| Other Liabilities | 13 | 0 | 139 000 | 171 571 |
| Total Current Liabilities | | 237 992 | 391 000 | 437 432 |
| NON CURRENT LIABILITIES | | | | |
| Employee Benefits | 12 | 273 223 | 157 000 | 171 440 |
| Total Non-Current Liabilities | | 273 223 | 157 000 | 171 440 |
| Total Liabilities | | 511 215 | 548 000 | 608 872 |
| Net Assets | | 1 806 423 | 2 036 000 | 1 853 936 |
| REPRESENTED BY: | | | | |
| Accumulated Funds | 14 | 1 806 423 | 2 036 000 | 1 853 936 |
| Total Funds Employed | | 1 806 423 | 2 036 000 | 1 853 936 |

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2004**

| | Notes | 2004 <u>Actual</u> | <u>Budget</u> | 2003 <u>Actual</u> |
|---|-----------|-----------------------|------------------|-----------------------|
| | | \$ | \$ | \$ |
| Cash Flows from Operating Activities | | | | |
| Receipts | | | | |
| Operating Revenue | | 306 540 | 320 000 | 265 391 |
| Management fees | | 587 759 | 634 000 | 569 015 |
| Commission received | | 702 656 | 800 000 | 827 040 |
| Interest received | | 111 686 | 100 000 | 107 084 |
| Appropriations | | 589 000 | 589 000 | 706 000 |
| GST charged on Sales | | 164 029 | 158 000 | 169 855 |
| Other | | 23 640 | 0 | 16 743 |
| Total Receipts from Operating Activities | | 2 485 310 | 2 601 000 | 2 661 128 |
| Payments | | | | |
| Related to Employee Payments | | 1 558 951 | 1 449 000 | 1 305 419 |
| Related to Supplies and Services | | 725 099 | 697 000 | 715 983 |
| GST paid on Supplies | | 78 723 | 79 000 | 78 600 |
| GST paid to ATO | | 71 458 | 80 000 | 85 467 |
| Other | | 18 961 | 0 | 16 851 |
| Total Payments from Operating Activities | | 2 453 192 | 2 305 000 | 2 202 320 |
| Net cash inflows from Operating Activities | 20 | 32 118 | 296 000 | 458 808 |
| Cash Flows from Financing Activities | | | | |
| Payments | | | | |
| Dividend Paid | | 171 571 | 169 000 | 190 252 |
| Total Payments from Financing Activities | | 171 571 | 169 000 | 190 252 |
| Net Cash (Outflow's) from Financing Activities | | (171 571) | (169 000) | (190 252) |
| Net (Decrease)/Increase in cash held | | (139 453) | 127 000 | 268 556 |
| Cash at the beginning of the financial year | | 2 329 938 | 2 234 000 | 2 061 382 |
| Cash at the end of the year | 19 | 2 190 485 | 2 361 000 | 2 329 938 |

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

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, preparation of wills and management of financial affairs under Enduring Power of Attorney and Management Order from the Guardianship and Management of Property Tribunal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

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

Subsection 59(3) of the FMA and the *Financial Management Guidelines*, requires that the Public Trustee's financial statements include:

- (i) a Statement of Financial Performance for the year;
- (ii) a Statement of Financial Position for the year;
- (iii) a Statement of Cash Flows for the year;
- (iv) a summary of the significant accounting policies adopted by the Public Trustee for the year;
- (v) 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; and
- (vi) Statement of Performance for the year.

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

- (i) Australian Accounting Standards;
- (ii) Urgent Issues Group Abstracts;
- (iii) Other authoritative pronouncements of the Australian Accounting Standards Board; and
- (iv) ACT accounting 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.

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

b) The Reporting Period

These financial statements report the financial performance and cash flows of the Public Trustee for the Australian Capital Territory for the financial year ended 30 June 2004 and the financial position of the Public Trustee for the Australian Capital Territory as at 30 June 2004.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

c) Comparative Figures

Budget Figures

Budget information for 2003-04 has been provided, as presented in the Public Trustee's Statement of Intent and the amounts published in the ACT Budget Papers in 2003-04. The *Financial Management Act 1996 (FMA)* requires the statements to facilitate a comparison with the Statement of Intent.

Prior Year Comparatives

Where necessary, the prior year comparatives have been amended to facilitate comparison with the current year presentation of information.

d) Employee Benefits

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

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

A long service leave liability is recognised for employees with ten years or more service and employees with less than ten years of required qualifying service. For these employees with less than ten years of required qualifying service, the liability is calculated through a shorthand approach by recording 100% of the liability for employees with five or more years of service. Use of this shorthand approach is an approximation process to recognise the probable liability to eventuate for officers with less than ten years of service, when ten years of service is achieved. The determination of current and non-current portions is based on a past history of payments and any specific unknown factors. The long service leave liability is measured at the present value of the estimated future cash outflows. Consideration is given, when making this estimate, to expected future wage and salary levels, experience of employee departures and periods of service.

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

e) Insurance

The Public Trustee maintains insurance cover over all assets held in trust.

f) Trust Funds

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

3. CHANGE IN ACCOUNTING POLICIES

Managing the Transition to Australian Equivalents to International Financial Reporting Standards (AIFRS)

Implementation of AIFRS's in the Territory is being coordinated by the Department of Treasury. Those involved in the preparation of the Public Trustee's financial statements have familiarised themselves with the Australian Equivalents to

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

3. CHANGE IN ACCOUNTING POLICIES - CONTINUED

International Financial Reporting Standards (AIFRS's) assessed the potential impact of adopting AIFRS's on the accounting policies used in the preparation of the Public Trustee's financial statements.

Key Differences in Accounting Policies Expected to Arise from the Adoption of AIFRS's

Based on this assessment the Public Trustee expects no key differences in accounting policies to arise from the adoption of AIFRS's

4. SERVICE PAYMENTS FROM GENERAL GOVERNMENT SECTOR

| | 2004 \$ | 2003 \$ |
|---|----------------|----------------|
| Business Development Funding | 0 | 125 000 |
| Information Technology assistance costs | 167 000 | 167 000 |
| Insurance Risk Management levy assistance costs | 25 000 | 21 000 |
| | <u>192 000</u> | <u>313 000</u> |

5. OPERATING REVENUE

| | | |
|---------------------|------------------|------------------|
| Commission received | 689 118 | 825 688 |
| Management Fees | 677 715 | 578 891 |
| Other | 271 544 | 258 891 |
| | <u>1 638 377</u> | <u>1 663 470</u> |

Management Fees are fees charged for administration of moneys held in various common funds and Government Trust funds. The fee is calculated in accordance with the rate specified in an instrument signed by the Minister and is charged at the rate of one twelfth of the value of each fund as at the first business day of the month.

6. RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge relate to goods and/or services being provided free of charge from other entities within the ACT Government. The Public Trustee for the Australian Capital Territory classifies goods and services received free of charge from entities external to the ACT Government as donations.

Revenue from the ACT Government

Revenue from Operating Activities

| | | |
|----------------|----------|---------------|
| Legal services | 0 | 27 354 |
| | <u>0</u> | <u>27 354</u> |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

7. EMPLOYEE EXPENSES

| | | 2004 \$ | 2003 \$ |
|-------------------------|--|-----------------|-----------------|
| Salaries | - General | 1 336 677 | 1 135 565 |
| | - Business development and investment policy | 105 535 | 92 471 |
| | - Unclaimed Moneys | 8 275 | 10 258 |
| Superannuation | | 129 738 | 119 673 |
| Productivity component | | 40 159 | 39 637 |
| Fringe Benefits tax | | 1 100 | 5 054 |
| Comcare premiums | | 25 839 | 20 681 |
| Other employee expenses | | 5 107 | 568 |
| | | <hr/> 1 652 430 | <hr/> 1 423 907 |

8. SUPPLIES AND SERVICES

| | | |
|-------------------------------------|---------------|---------------|
| Business Development costs | 84 686 | 51 014 |
| Computer expenses | 189 972 | 199 374 |
| Motor Vehicle Expenses | 18 657 | 18 180 |
| Rental Lease Payments/Cleaning | 175 033 | 138 356 |
| Repairs/Maintenance | 38 411 | 39 411 |
| Printing/Stationery | 30 539 | 29 472 |
| Telephones | 28 265 | 28 374 |
| Staff training | 20 746 | 8 419 |
| Postage | 13 862 | 13 298 |
| Audit Fee | 24 750 | 20 700 |
| Subscriptions | 8 647 | 9 805 |
| Office Equipment | 12 024 | 14 196 |
| Leasing – Computers | 30 227 | 29 566 |
| Legal Services | 0 | 27 354 |
| Travel Expenses | 4 705 | 8 151 |
| Conference Costs / Meeting Expenses | 1 854 | 1 674 |
| Insurance Risk Management Levy | 28 609 | 23 022 |
| Advertising | 422 | 3 392 |
| Doubtful Debts | 1 474 | 41 952 |
| Bank charges | 5 447 | 5 651 |
| Other expenses | 16 612 | 23 839 |
| Electricity | 5 565 | 4 963 |
| | <hr/> 740 507 | <hr/> 740 163 |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

9. CASH

| | 2004 \$ | 2003 \$ |
|--------------|---------------|---------------|
| Cash at Bank | 165 135 | 354 711 |
| Cash on Hand | 350 | 227 |
| | <hr/> 165 485 | <hr/> 354 938 |

The Public Trustee Office held deposits at call throughout the year at floating interest rate between 4.60% and 5.10%.

10. RECEIVABLES

Current Receivables

| | | |
|------------------------------------|--------------|--------------|
| Trade Debtors | 93 160 | 93 469 |
| Less: Allowance for Doubtful Debts | (409) | (41 952) |
| | <hr/> 92 751 | <hr/> 51 517 |
| Other Debtors | 215 | 20 864 |
| Accrued Revenue | 20 950 | 14 588 |

| | | |
|--------------------------|----------------|---------------|
| Total Receivables | 113 916 | 86 969 |
|--------------------------|----------------|---------------|

Ageing of Receivables

Receivables are aged as follows:

| | | |
|---|----------------|---------------|
| Overdue for less than 30 days | 79 874 | 59 117 |
| Overdue for 30 to 60 days | 537 | 0 |
| Overdue for more than 60 days | 33 914 | 69 804 |
| Less Total Allowance for Doubtful Debts | (409) | (41 952) |
| Total Receivables | 113 916 | 86 969 |

Split of Government/Non-Government Receivables

Receivables with Other ACT Government Entities

| | | |
|-------------------|-------|--------|
| Net Trade Debtors | 5 852 | 6 089 |
| Other Debtors | 215 | 20 841 |

| | | |
|---|--------------|---------------|
| Total Receivables with Other ACT Government Entities | 6 067 | 26 930 |
|---|--------------|---------------|

Receivables with Entities Outside Government

| | | |
|-------------------|--------|--------|
| Net Trade Debtors | 86 899 | 45 428 |
| Other Debtors | 0 | 23 |
| Accrued Revenue | 20 950 | 14 588 |

| | | |
|---|----------------|---------------|
| Total Receivables with Entities Outside Government | 107 849 | 60 039 |
|---|----------------|---------------|

| | | |
|--------------------------|----------------|---------------|
| Total Receivables | 113 916 | 86 969 |
|--------------------------|----------------|---------------|

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004

11. PAYABLES

| | 2004 \$ | 2003 \$ |
|--|---------------|---------------|
| Current Payables | | |
| Trade Creditors | 39 708 | 59 613 |
| Total Payables | 39 708 | 59 613 |
| Payables are aged as follows: | | |
| Overdue for less than 30 Days | 38 965 | 38 969 |
| Overdue for 30 to 60 Days | 0 | 0 |
| Overdue for more than 60 Days | 743 | 20 644 |
| Total Payables | 39 708 | 59 613 |
| Split of Government/Non-Government Payables | | |
| Payables with Other ACT Government Entities | | |
| Trade Creditors | 3 614 | 24 133 |
| Total Payables with Other ACT Government Entities | 3 614 | 24 133 |
| Payables with Entities Outside ACT Government | | |
| Trade Creditors | 36 094 | 35 480 |
| Total Payables with Entities Outside ACT Government | 36 094 | 35 480 |
| Total Payables | 39 708 | 59 613 |

12. EMPLOYEE BENEFITS

This relates to the net movement of employee benefits from 1 July 2003 to 30 June 2004. Employee Benefits comprise of the following:

| | | |
|--|----------------|----------------|
| Recreation Leave | 181 894 | 156 942 |
| Accrued employee expenses | 16 390 | 45 792 |
| Long Service Leave – Current | 0 | 3 514 |
| Total Current Employee Benefits | 198 284 | 206 248 |
| Long Service Leave – Non Current | 273 223 | 171 440 |
| Total Employee Benefits | 471 507 | 377 688 |

At the end of the 2004 financial year the Public Trustee for the Australian Capital Territory had 26 staff employed.
(2003 – 26 staff)

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

13. OTHER LIABILITIES

| | 2004 \$ | 2003 \$ |
|---------------------------|------------|------------|
| CURRENT OTHER LIABILITIES | | |
| Dividend Payable | 0 | 171 571 |

14. EQUITY

| | | |
|--|------------------|------------------|
| Total Equity at the End of the Year | | |
| Retained Profits | 1 806 423 | 1 853 936 |
| Total Equity | 1 806 423 | 1 853 936 |
| Movements in Equity during the Year | | |
| Retained Profits | | |
| Balance at the beginning of the year | 1 853 935 | 1 689 329 |
| Operating (Deficit)/Surplus | (47 512) | 343 141 |
| Total available for Appropriation | 1 806 423 | 2 032 470 |
| Dividends Paid | 0 | (171 570) |
| Net Effect of the Adoption of a New Standard | 0 | (6 964) |
| Balance at the End of the Financial Year | 1 806 423 | 1 853 936 |

As a result of AASB 1028, the provisions for employee benefits existing at 30 June 2003 which were expected to be paid in the next 12 months need to reflect wage increases that occurred in that period. There was no material effect on the Statement of Financial Performance arising from the change in policy. The retrospective adjustments made to Retained Profits at the beginning of the financial year totalled \$6,964, were for increases to Current Employee Annual Leave Liability.

15. COMMITMENTS

Operating Leases

Non-Cancellable Operating Lease Commitments are Payable as follows:

| | | |
|---|----------------|----------------|
| Not later than one year | 212 455 | 138 595 |
| Later than one year but not later than five years | 444 230 | 441 236 |
| Total Operating Lease Commitments | 656 685 | 579 831 |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

16. CONTINGENT LIABILITIES

As at 30 June 2004, the Office of the Public Trustee had no contingent liabilities or capital commitments.

17. SEGMENT REPORTING

The Public Trustee for the Australian Capital Territory has one geographical location and one business segment. This means that the financial statements themselves set out the segment information required by AAS 16.

18 AUDITOR'S REMUNERATION

| | 2004 \$ | 2003 \$ |
|--|------------|------------|
| Remuneration to the ACTAGO for auditing the financial Statements for the reporting period. | 24 750 | 20 700 |

No other services were provided by the Auditor-General during the reporting period.

The audit fees charged represents an audit of both the Trust and Office financial statements.

19. RECONCILIATION OF CASH

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

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:

| | | |
|-------------|------------------|------------------|
| Cash | 165 485 | 354 938 |
| Investments | 2 025 000 | 1 975 000 |
| | <u>2 190 485</u> | <u>2 329 938</u> |

20. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS

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

| | | |
|---|---------------|----------------|
| Operating (Deficit)/Surplus | (47 512) | 343 141 |
| Increase in employee benefits | 93 819 | 125 497 |
| Adoption of revised accounting standard | 0 | (6 964) |
| Change in Operating Assets and Liabilities: | | |
| (Increase) Decrease in receivables | (26 947) | 21 787 |
| (Increase) Decrease in prepayments | 32 664 | (23 305) |
| (Decrease) in trade creditors | (19 905) | (1 349) |
| Net cash provided by operating activities | <u>32 119</u> | <u>458 808</u> |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

21. FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

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

| Financial Assets | Note | Accounting Policies | Terms & Conditions |
|------------------------------|------|---|---|
| Cash | 9 | Cash is stated at its nominal amount. Interest is recognised in the Operating Statement when earned. | Cash is kept in a Commonwealth bank account of which the weighted average interest rate is 4.89% |
| Investments | | Investments are stated at their nominal value. Interest is recognised in the Operating Statement when earned. | Investments at balance date are held in the Australian short term money market. The weighted average interest rate on investments for the year is 5.72% |
| Receivables | 10 | Debtors are recognised at the amounts that were charged at the date when the services or goods were supplied. | Debtor amounts are normally recovered within 1 month. |
| Financial Liabilities | | | |
| Payables | 11 | Liabilities are recognised for amounts to be paid in the future for services received, whether or not billed to the entity. | Creditors are normally settled within 28 days as per ACT Government policy. |

(b) Net Fair Values of Financial Instruments

Financial assets and liabilities are carried at their net fair value at balance date. The net fair value of financial assets and liabilities approximates their carrying value reported in the Statement of Financial Position because of:

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

(c) Unrecognised Financial Instruments

There were no unrecognised financial assets or liabilities.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2004**

(d) Credit Risk Exposure

There is no credit risk on the financial assets of the Public Trustee Office. The Public Trustee Office expects to recover the carrying amount of the financial assets.

(e) Interest Rate Exposure

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

| Financial Assets | Floating Interest Rate | | Weighted Average Interest Rate | | Non Interest Bearing | | Total | |
|------------------|------------------------|------------------|--------------------------------|------|----------------------|---------------|------------------|------------------|
| | \$ | | % | | \$ | | \$ | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Cash | 165 485 | 354 938 | 4.89 | 4.60 | 0 | 0 | 165 485 | 354 938 |
| Investments | 2 025 000 | 1 975 000 | 5.72 | 5.07 | 0 | 0 | 2 025 000 | 1 975 000 |
| Receivables | | 0 | | 0 | 113 916 | 86 969 | 113 916 | 86 969 |
| Total | 2 190 485 | 2 329 938 | | | 113 916 | 86 969 | 2 304 401 | 2 416 907 |

| Financial Liabilities | Floating Interest Rate | | Weighted Average Interest Rate | | Non Interest Bearing | | Total | |
|-----------------------|------------------------|----------|--------------------------------|------|----------------------|---------------|---------------|---------------|
| | \$ | | % | | \$ | | \$ | |
| | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 | 2004 | 2003 |
| Payables | 0 | 0 | 0 | 0 | 39 708 | 59 613 | 39 708 | 59 613 |
| Total | 0 | 0 | | | 39 708 | 59 613 | 39 708 | 59 613 |

| | | | | | | | | |
|--|------------------|------------------|--|--|---------------|---------------|------------------|------------------|
| Net Financial Assets/ (Liabilities) | 2 190 485 | 2 329 938 | | | 74 208 | 27 356 | 2 264 693 | 2 357 294 |
|--|------------------|------------------|--|--|---------------|---------------|------------------|------------------|

| | 2004 \$ | 2003 \$ |
|---|------------------|------------------|
| Reconciliation of Financial Assets to Net Assets | | |
| Net Financial Assets | 2 264 693 | 2 357 294 |
| Prepayments | 13 237 | 45 907 |
| Employee benefits – Current | (198 284) | (206 248) |
| Other Liabilities | 0 | (171 571) |
| Employee Benefits – Non Current | (273 223) | (171 440) |
| | 1 806 423 | 1 853 936 |

**PUBLIC TRUSTEE FOR THE ACT
STATEMENT OF PERFORMANCE
FOR THE YEAR ENDED 30 JUNE 2004**

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

| INDICATOR | TARGET 2003-04 | ACTUAL OUTCOME 2003-04 | % Variance | Notes |
|--|-------------------|------------------------------|---------------|-------|
| No of Current Financial Management under Orders of the Guardianship and Management of Property Tribunal (GMPT) | 345 | 369 | 7% | 1 |
| No of active financial management accounts under Power of Attorney and Enduring Power of Attorney | 97 | 95 | (2%) | - |
| No of responses to community call outs following death | 12 | 4 | (66%) | 2/3 |
| No of Welfare funerals arranged | 4 | 6 | 50% | 2/3 |
| No of Examinations of accounts provided from external managers under GMPT | 250 | 265 | 6% | 4 |
| No of Deceased Estate Administrations completed < \$100,000 | 76 | 48 | (37%) | 5/6 |
| No of Deceased Estate Administrations completed > \$100,000 | 44 | 31 | (30%) | 5/6 |
| No of trusts held under legal liability less than <\$100,000 | 565 | 561 | (1%) | 7/8 |
| No of trusts held under legal liability > \$100,000 | 32 | 23 | (28%) | 7/8 |
| Wills | 545 | 584 | 7% | 9 |
| Percentage of expenditure over total income | 86% | 102% | 19% | |

NOTES

1. The number of clients under Guardianship and Management of Property Orders has increased due to the need to appoint the Public Trustee as manager of last resort.
- 2/3 Number of welfare funerals and AFP call-outs is dependent on the level of funds of deceased and the ability to contact known family members, PTO involvement is last resort.
4. The number of examinations conducted is reliant on external managers producing their accounts annually to the Public Trustee for examination.
- 5/6. The number of estates completed less than and greater than \$100,000 depends on the level of funds in the estate at the time of death.
- 7/8 The number of trusts under \$100,000 has reduced due to changes in the legislation for criminal injuries compensation involving minors or people lacking capacity together with legislation changes to the payment of structured settlements in court awards. The number of trusts over \$100,000 may decrease due to legislation that will bring in structured settlements. The PTO is, as part of a court award, required to manage the funds of minors and people lacking legal capacity. The office is reliant on being nominated by the Court and the legal team of the next friend as the appointed trustee for people lacking legal capacity. There may be changes in the manner in which awards are funded that may impact on trusts under the PTO care.
9. The number of requests for new and changed wills remains comparatively high due to the marketing strategies and community education conducted by the Office during the year.



AUDITOR-GENERAL

Australian Capital Territory



INDEPENDENT AUDIT REPORT

PUBLIC TRUSTEE FOR THE ACT TRUST ACCOUNT

To the Members of the ACT Legislative Assembly

Audit Opinion

In my opinion, the financial statements of the Public Trustee for the ACT Trust Account for the year ended 30 June 2004:

- (i) are presented in accordance with applicable 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 2004 and the results of its operations and its cash flows for the year then ended.

Responsibility for the Financial Statements

The Public Trustee for the ACT is responsible for the financial statements. This includes responsibility for accounting policies and estimates used in the preparation of the financial statements and the maintenance of adequate accounting records and internal controls.

Contents of the Financial Statements

The financial statements are comprised of the Statement of Financial Performance for the Common Fund Interest Account, Statement of Financial Performance for the Guarantee and Reserve Account, Statement of Financial Position, Statement of Cash Flows and accompanying notes.

The Auditor's Responsibility

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

The Audit Scope

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

I formed the audit opinion by performing procedures to assess whether, in all material aspects, the financial statements present fairly, in accordance with applicable Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the Public Trustee for the ACT Trust Account.

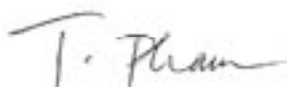
Scala House, 11 Torrens Street Braddon ACT 2612 PO Box 275, Civic Square ACT 2608
 Telephone: (02) 620 70833 Facsimile: (02) 620 70826
 Office Email: actauditorgeneral@act.gov.au

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

My procedures included:

- (i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial statements; and
- (ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial statements.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however the audit was not designed to provide assurance on internal controls. My audit also did not involve the evaluation of the prudence of decisions made by the Public Trustee for the ACT.




Tu Pham
Auditor-General
10 August 2004

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**STATEMENT BY PUBLIC TRUSTEE****STATEMENT OF RESPONSIBILITY**

The Public Trustee for the Australian Capital Territory is responsible for the preparation of the financial statements and the judgements exercised in preparing them, and the financial transactions of the Trust and the control over its assets and liabilities. The financial statements have been prepared by the Public Trustee in accordance with and consistent with the accounts and records of the Trust during the period.

In the opinion of the Public Trustee, the financial statements:

- (i) the Trust financial statements show fairly the operations for the Trust financial functions of the Public Trustee for the Australian Capital Territory for the period 1 July 2003 TO 30 June 2004; and
- (ii) the Trust financial statements show fairly the state of affairs for the Trust functions of the Public Trustee for the Australian Capital Territory as at 30 June 2004.



Andrew Taylor
Public Trustee
9 August 2004

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

Statement of Financial Performance - Common Fund Interest Account
Year ended 30 June 2004

| | 2004 \$ | 2003 \$ |
|--|------------------|------------------|
| INCOME | | |
| Investment Income | 2 630 763 | 2 540 204 |
| | 2 630 763 | 2 540 204 |
| EXPENDITURE | | |
| Interest paid to Estates and Trusts | 1 210 112 | 1 117 813 |
| Distributions to Estates and Trusts | 838 455 | 908 347 |
| Management Fees | 563 766 | 527 995 |
| | 2 612 333 | 2 554 155 |
| NET OPERATING SURPLUS/(DEFICIT) | 18 430 | (13 951) |

Statement of Financial Performance – Guarantee and Reserve Account
Year ended 30 June 2004

| | | |
|-------------------------------------|---------------|---------------|
| INCOME | | |
| Investment Income | 84 984 | 76 354 |
| | 84 984 | 76 354 |
| EXPENDITURE | | |
| Management Fees | 16 327 | 13 622 |
| Income Commission | 4 620 | 4 179 |
| Depreciation | 5 000 | 5 000 |
| Reimbursement of loss on investment | 1 208 | 0 |
| | 27 155 | 22 801 |
| NET OPERATING SURPLUS | 57 829 | 53 553 |

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
Statement of Financial Position as at 30 June 2004

| | Notes | 2004 \$ | 2003 \$ |
|--|-------|-------------------|-------------------|
| CURRENT ASSETS | | | |
| Cash at Bank | | 19 667 | 30 928 |
| Accrued Investment Income | | 231 869 | 169 001 |
| Investments | 3 | 62 538 907 | 55 395 250 |
| Unrealised Assets | 4 | 31 060 084 | 25 368 989 |
| TOTAL CURRENT ASSETS | | 93 850 527 | 80 964 168 |
| NON-CURRENT ASSETS | | | |
| Property, Plant and Equipment | 5 | 90 000 | 95 000 |
| TOTAL NON-CURRENT ASSETS | | 90 000 | 95 000 |
| TOTAL ASSETS | | 93 940 527 | 81 059 168 |
| CURRENT LIABILITIES | | | |
| Accrued Interest Payable | 6 | 0 | 271 209 |
| Trust Liabilities | 7 | 1 447 269 | 692 746 |
| TOTAL CURRENT LIABILITIES | | 1 447 269 | 963 955 |
| NON-CURRENT LIABILITIES | | | |
| Estates, Trusts etc under administration | 8 | 90 440 911 | 78 119 126 |
| TOTAL NON-CURRENT LIABILITIES | | 90 440 911 | 78 119 126 |
| TOTAL LIABILITIES | | 91 888 180 | 79 083 081 |
| NET ASSETS | | 2 052 347 | 1 976 087 |
| EQUITY | | | |
| Common Fund | 11 | 296 964 | 278 533 |
| Guarantee & Reserve Account | 12 | 1 730 548 | 1 672 719 |
| Asset Revaluation | 13 | 24 835 | 24 835 |
| TOTAL EQUITY | | 2 052 347 | 1 976 087 |

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2004**

| | Notes | 2004 \$ | 2003 \$ |
|--|-------|--------------|--------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| INFLOWS | | | |
| Interest received | | 2 652 880 | 2 704 342 |
| OUTFLOWS | | | |
| Interest paid to estates and trusts | | (2 319 776) | (2 025 932) |
| Other payments | | (585 920) | (539 941) |
| Net cash (used)/provided by operating activities | 10 | (252 816) | 138 469 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| INFLOWS | | | |
| Proceeds from sale of investments | | 34 254 521 | 37 146 141 |
| OUTFLOWS | | | |
| Payment for purchase of investments | | (38 603 759) | (41 651 630) |
| Net cash used by investing activities | | (4 349 238) | (4 505 489) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| INFLOWS | | | |
| Receipts to trusts and estates | | 29 866 229 | 27 184 611 |
| OUTFLOWS | | | |
| Payments from trusts and estates | | (25 275 436) | (22 826 642) |
| Net cash provided in financing activities | | 4 590 793 | 4 357 969 |
| Net (decrease) used in cash held | | (11 261) | (9 051) |
| Cash at beginning of financial year | | 30 928 | 39 979 |
| Cash at end of financial year | 9 | 19 667 | 30 928 |

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2004**

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. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of accounting

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

b) Estate assets

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

c) Property, Plant and Equipment

Buildings are valued at fair value in accordance with AASB 1041. The last revaluation of buildings was at 30 June 2002. The valuation was performed by an independent valuer, McCann and Associates.

d) Amortisation

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

e) Investments

Investments have been brought to account at cost and investment income is recognised in the Statement of Income and Expenditure on an accrual basis. Where, in the opinion of the Public Trustee, there has been a permanent diminution of the value of an investment it is written down accordingly.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2004**

3. 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.

The value of these investments is as follows:

CASH COMMON FUND

| | 2004 | 2003 |
|--------------------------------------|-------------|-------------|
| | \$ | \$ |
| CURRENT | | |
| Short Term Money Market and Interest | | |
| Bearing Deposits and Securities | 31 616 461 | 30 563 224 |

COMMON FUNDS

| | | |
|--|----------------|----------------|
| CURRENT | | |
| Australian Equities Common Fund | 19 035 467 | 14 729 509 |
| Australian Fixed Interest Common Fund | 9 481 912 | 8 232 285 |
| Australian Listed Property Common Fund | 2 405 067 | 1 870 232 |
| | <hr/> | <hr/> |
| | 30 922 446 | 24 832 026 |
| | <hr/> | <hr/> |
| TOTAL INVESTMENTS | 62 538 907 | 55 395 250 |

4. UNREALISED ASSETS

Unrealised assets have been brought to account, as follows:

| | | |
|--------------------|------------|------------|
| Real Estate | 17 922 113 | 14 310 817 |
| Cash or Equivalent | 12 969 518 | 10 979 086 |
| Personal Effects | 168 453 | 79 086 |
| | <hr/> | <hr/> |
| | 31 060 084 | 25 368 989 |

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2004

5. PROPERTY, PLANT AND EQUIPMENT

| | 2004 | 2003 |
|--------------------------------|---------------|---------------|
| | \$ | \$ |
| Leasehold building | 95 000 | 100 000 |
| Less: Accumulated Depreciation | <u>5 000</u> | <u>5 000</u> |
| | <u>90 000</u> | <u>95 000</u> |

6. ACCRUED INTEREST PAYABLE

At a Public Trustee Investment Board meeting it was agreed to change interest runs from bi-annual to quarterly. Interest therefore is now paid to clients on 30 September, 31 December, 31 March and 30 June each year. As a result of this change there is no interest payable to clients as at 30 June 2004, as it has already been paid.

7. TRUST LIABILITIES

Estimated liabilities have been brought to account:

| | | |
|-----------------------------|------------------|----------------|
| Mortgages | 683 037 | 191 876 |
| Funeral expenses | 23 902 | 25 771 |
| Bank Loans and Credit cards | 116 812 | 27 456 |
| Medical/Dental costs | 10 945 | 17 914 |
| Property/Utility costs | 29 520 | 6 335 |
| Sundry Debts | 303 658 | 94 908 |
| Other | <u>279 395</u> | <u>328 486</u> |
| | <u>1 447 269</u> | <u>692 746</u> |

8. ESTATES, TRUSTS ETC UNDER ADMINISTRATION

| | | |
|------------------------|-------------------|-------------------|
| Deceased Estates | 19 132 097 | 14 199 698 |
| Power of Attorney | 10 045 448 | 7 622 042 |
| Court Trusts | 32 302 354 | 31 761 399 |
| Protected Estates | 465 995 | 829 546 |
| Estate Trusts | 8 947 588 | 7 805 721 |
| Proceeds of Crime | 30 950 | 0 |
| Management Orders | 15 974 161 | 15 787 015 |
| Charitable Foundations | 178 724 | 60 520 |
| Unclaimed Monies | 3 363 807 | 52 695 |
| Unallocated Assets * | <u>(213)</u> | <u>490</u> |
| | <u>90 440 911</u> | <u>78 119 126</u> |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2004**

Note 8 continued

The movement in the total value of accounts under administration represents the value of new trusts and estates received less finalisations and distributions during the year 1 July 2003 to 30 June 2004.

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

9. RECONCILIATION OF CASH

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

| | 2004 \$ | 2003 \$ |
|------|------------|------------|
| Cash | 19 667 | 30 928 |

10. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS

| | | |
|---|-----------|----------|
| Operating Surplus/(deficit) – Interest account | 18 430 | (13 951) |
| Operating surplus – Guarantee and Reserve account | 57 829 | 53 553 |
| (Increase)/decrease in GST Receivable | 0 | 5 855 |
| (Decrease)/increase in accrued income | (62 868) | 87 784 |
| (Decrease)/increase in accrued interest payable | (271 209) | 228 |
| Depreciation | 5 000 | 5 000 |
| Net cash (used)/provided by operating activities | (252 816) | 138 469 |

11. EQUITY –COMMON FUND

CASH COMMON FUND

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

COMMON FUNDS (EQUITIES AND FIXED INTEREST)

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2004**

investments in the Cash Common Fund) is 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.

EQUITY – COMMON FUND (continued)

- Capital Secure
- Income Stable
- Growth
- Balanced

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

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

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

Movements in the interest account reserve were as follows:

| | 2004 | 2003 |
|------------------------------|----------------|----------------|
| | \$ | \$ |
| Balance at beginning of year | 278 533 | 292 484 |
| Add : Surplus/(Deficit) | 18 431 | (13 951) |
| Balance at end of year | <u>296 964</u> | <u>278 533</u> |

12. EQUITY - COMMON FUND GUARANTEE AND RESERVE ACCOUNT

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

Movements in the reserve were as follows:

| | | |
|------------------------------|------------------|------------------|
| Balance at beginning of year | 1 672 719 | 1 619 166 |
| Add : Surplus | <u>57 829</u> | <u>53 553</u> |
| Balance at end of year | <u>1 730 548</u> | <u>1 672 719</u> |

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2004**

13. ASSETS REVALUATION RESERVE

| | 2004 \$ | 2003 \$ |
|-----------------|------------|------------|
| Opening balance | 24 835 | 24 835 |
| Closing Balance | 24 835 | 24 835 |

14. ADDITIONAL INFORMATION

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



AUDITOR-GENERAL

Australian Capital Territory



INDEPENDENT AUDIT REPORT

CANBERRA BUSHFIRE RECOVERY APPEAL FUND

To the Members of the ACT Legislative Assembly

Audit Opinion

In my opinion, the financial statements of the Canberra Bushfire Recovery Appeal Fund for the year ended 30 June 2004:

- (i) are presented in accordance with the Canberra Bushfire Recovery Appeal Fund Declaration of Trust dated 22 January 2003, Australian Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) present fairly the financial position of the Canberra Bushfire Recovery Appeal Fund as at 30 June 2004 and the results of its operations and its cash flows for the year then ended.

Responsibility for the Financial Statements

The Public Trustee is responsible for the financial statements of the Canberra Bushfire Recovery Appeal Fund. This includes responsibility for accounting policies and estimates used in the preparation of the financial statements and the maintenance of adequate accounting records and internal controls.

Contents of the Financial Statements

The financial statements are comprised of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows and accompanying notes.

The Auditor's Responsibility

My responsibility is to express an opinion on the financial statements as required by the Canberra Bushfire Recovery Appeal Fund Declaration of Trust dated 22 January 2003.

The Audit Scope

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

Scala House, 11 Torrens Street Braddon ACT 2612 PO Box 275, Civic Square ACT 2608
 Telephone: (02) 620 70833 Facsimile: (02) 620 70826
 Office Email: actauditorgeneral@act.gov.au

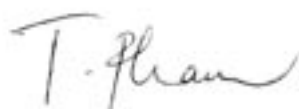
I formed the audit opinion by performing procedures to assess whether, in all material aspects, the financial statements present fairly, in accordance with the Canberra Bushfire Recovery Appeal Fund Declaration of Trust dated 22 January 2003, Accounting Standards and other mandatory financial reporting requirements in Australia, a view that is consistent with my understanding of the financial position and performance of the Canberra Bushfire Recovery Appeal Fund.

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

My procedures included:

- (i) examining, on a test basis, evidence supporting the amounts and other disclosures in the financial statements; and
- (ii) evaluating accounting policies and significant accounting estimates used in the preparation of the financial statements.

I considered the effectiveness of internal controls when determining the nature and extent of my procedures, however the audit was not designed to provide assurance on internal controls. My audit also did not involve the evaluation of the prudence of decisions made by the Canberra Bushfire Recovery Appeal Fund.



Tu Pham
Auditor-General
30 July 2004

CANBERRA BUSHFIRE RECOVERY APPEAL FUND

STATEMENT BY PUBLIC TRUSTEE

STATEMENT OF RESPONSIBILITY

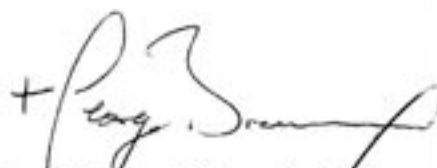
Under a Declaration of Trust dated 22 January 2003 relating to the Canberra Bushfire Recovery Appeal Fund (the fund) the Public Trustee for the Australian Capital Territory is responsible for the preparation of the financial statements of the fund and the judgements exercised in preparing them. The Public Trustee is also responsible for the financial transactions of the fund and the control over its assets and liabilities. The financial statements have been prepared by the Public Trustee in accordance with the accounts and records of the fund.

In the opinion of the Public Trustee, the financial statements of the fund present fairly the financial position of the fund as at 30 June 2004 and the results of the operations and its cash flows for the period from 1 July 2003 to 30 June 2004.



Andrew Taylor
Public Trustee

28 July 2004



The Right Reverend George Browning
Bishop of Canberra and Goulburn
Board Member

23 July 2004

CANBERRA BUSHFIRE RECOVERY APPEAL FUND

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2004

| ASSETS | Notes | 2004 | 2003 \$ |
|-----------------------------|-------|--------------|----------------|
| CURRENT ASSETS | | | |
| Cash at Bank | 3 | 7 586 | 45 244 |
| Accrued Investment Income | | 14 | 474 |
| Investments | | 0 | 110 000 |
| TOTAL CURRENT ASSETS | | 7 600 | 155 718 |
| TOTAL ASSETS | | 7 600 | 155 718 |
| REPRESENTED BY: | | | |
| Accumulated Funds | | 7 600 | 155 718 |
| Total Funds Employed | | 7 600 | 155 718 |

STATEMENT OF FINANCIAL PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2004

| REVENUE | Notes | 2004 | 2003 \$ |
|--|-------|------------------|------------------|
| Gift of funds | 2(b) | 197 712 | 8 829 941 |
| Interest | 2(c) | 5 710 | 73 197 |
| Resources received free of charge – Audit | 4 | 580 | 7 149 |
| Total Ordinary Revenue | | 204 002 | 8 910 287 |
| EXPENSES | | | |
| Funds transferred to beneficiaries | | 351 540 | 8 747 420 |
| Audit fees | | 580 | 7 149 |
| Total Ordinary Expenses | | 352 120 | 8 754 569 |
| OPERATING (DEFICIT)/SURPLUS | | (148 118) | 155 718 |
| Total Changes in Equity including those resulting from Transactions with Owners as Owners | | (148 118) | 155 718 |

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

CANBERRA BUSHFIRE RECOVERY APPEAL FUND

CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2004

| | Notes | 2004 | 2003 \$ |
|---|-------|-----------|-------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| INFLOWS | | | |
| Interest received | | 6 170 | 72 723 |
| Gift of funds received | | 197 712 | 8 829 941 |
| OUTFLOWS | | | |
| Funds distributed | | (351 540) | (8 747 420) |
| Net cash (used)/ provided by operating activities | | (147 658) | 155 244 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| INFLOWS | | | |
| Proceeds from sale of investments | | 253 458 | 8 283 531 |
| OUTFLOWS | | | |
| Payment for purchase of investments | | (143 458) | (8 393 531) |
| Net cash (used)/provided by investing activities | | 110 000 | (110 000) |
| Cash at the beginning of the reporting period | | 45 244 | 0 |
| Cash at the end of the reporting period | | 7 586 | 45 244 |

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

**CANBERRA BUSHFIRE RECOVERY APPEAL FUND
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 30 JUNE 2004**

1. ACTIVITIES OF THE PUBLIC TRUSTEE AS TRUSTEE FOR THE CANBERRA BUSHFIRE RECOVERY APPEAL FUND (THE FUND)

The Fund is a public fund and is established to receive money and property which is to be appropriated to the aid and relief of persons affected by the 2003 Canberra Bushfires. The role and functions of the Public Trustee as Trustee of the Fund are defined in the Canberra Bushfire Recovery Appeal Fund Declaration of Trust dated 22 January 2003.

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Accounting

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

(b) Revenue Recognition

Funds were received from the community to assist those community groups that were affected by the January 2003 Canberra Bushfires and were in need the most. Funds received are brought to account as revenue on receipt of these funds.

(c) Interest Income

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

(d) Investments

Investments have been brought to account at cost and investment income is recognised in the Statement of Financial Performance on an accrual basis.

(e) Liabilities

As the Canberra Bushfire Recovery Appeal Fund is a Charitable Trust there are no liabilities to bring to account.

(f) Income Tax

No tax liabilities have been brought to account as the Fund is exempt from tax.

3. RECONCILIATION OF CASH

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in the bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows.

| | 2004 | 2003 \$ |
|------|-------|------------|
| Cash | 7 586 | 45 244 |

4. RESOURCES RECEIVED FREE OF CHARGE

Resources received free of charge relate to goods and/or services being provided free of charge.

The Fund received assistance from various organisations, Australia wide. It has however not always been possible to quantify the free resources received in the form of assistance and hence has not all been disclosed within the financial statements.

Audit services to the value of \$560 were provided, by the ACT Auditor General's Office, to the Fund free of charge (2003: \$7,149).

5. RELATED PARTY DISCLOSURES

Section 5 of the Canberra Bushfire Recovery Appeal Declaration of Trust, states that the governing authority of the Fund is the Canberra Bushfire Recovery Appeal Fund Board.

(a) The members of the Board during the year were:

The Right Reverend George Browning Bishop of Canberra and Goulburn
 Rev. Dr. Elizabeth Mackinlay
 Ms Michelle Thorne
 Mr Nic Manikis
 Mr John Mackay
 Mr Gary Green

(b) No members of the Board received remuneration for services provided to the Fund during the year.

EXTERNAL SOURCES OF LABOUR AND SERVICES

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

Contracts entered into and continuing in 2003/2004 include –

- Robert Johnson and Associates for expert advice on the “Prudent Person Principle” - Daily cost \$1,500 as required - Contract dated May 2000.
- Merrill Lynch Investment Managers Limited for Merrill Lynch Wholesale Australian Equities Fund – Rate 0.72% Contract dated August 2001.
- Alliance Capital Australia Limited for Alliance Cash Enhanced Fund Trust – Rate 0.20% - Contract dated June 2001.
- UBS Global Asset Management for Fund Management for Property Trust Common Fund – Contract dated June 2001.
- Suncorp Metway for Suncorp Metway Investment Management Limited – rate 0.20% - Contract dated August 2001.
- Ultradata for use under licence and technical support of TACT Business System – Rate \$40K pa – Contract dated April 1986.

(All Funds Managers have been listed for consistency however the fees do not necessarily exceed \$50K per annum but will accrue over time.)

Staffing Profile

| | |
|---|----|
| TOTAL STAFF | 26 |
| Male | 8 |
| Female | 18 |
| Aboriginal and/or Torres Strait Islander | - |
| Racial, ethnic or ethno-religious minority groups | - |
| Non-English-speaking backgrounds | - |
| Disability | - |
| Disability requiring work adjustments | - |
| Full time | 25 |
| Part time | 1 |

REPORTS BY AUDITOR-GENERAL

Reports by Auditor-General appear with Financial Statements under Appendices.

REPORTS BY OMBUDSMAN

There were no formal public reports released by the ACT Ombudsman, during the reporting year, that relate to the operations of the Public Trustee.

Informal representations made to the ACT Ombudsman have been reported on at Section 3 of this Report.

LEGISLATIVE ASSEMBLY COMMITTEE INQUIRIES AND REPORTS

There were no inquiries conducted by Legislative Assembly Committees, during the reporting year, that relate to the operations of the Public Trustee.

GOVERNMENT INQUIRIES AND REPORTS

There were no major Government Inquiries, Reviews or Reports conducted during the reporting year relevant to the operations of the Public Trustee.

LEGISLATION

The Public Trustee is responsible for, or has responsibilities under, the following legislation:

(*The Confiscation of Criminal Assets Act 2003* commenced during the reporting year and affects the Public Trustee).

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

REGULATORY ACTIVITIES

The Public Trustee is not a government regulatory body and has no regulatory activities.

ADVISORY AND CONSULTATIVE BOARDS AND COMMITTEES

The Public Trustee does not have any consultative boards or committees that provide advice to the Minister.

The Public Trustee chairs the Public Trustee Investment Board whose activities are described at Section 3 of this Report.

SERVICE PURCHASING ARRANGEMENTS/COMMUNITY GRANTS/ ASSISTANCE/SPONSORSHIP

Ministerial Advisory Council on Ageing

The ACT Ministerial Advisory Council on Ageing was formed in July 2002. The Public Trustee is a founding member of the Council. The key role of the Council is to assist the ACT Government to understand the needs and concerns of older Canberrans. The Council assists the ACT Government to advance the status

and interests of older people, and provides advice on issues that are referred by the Chief Minister or raised through community consultation.

The Mission of the Council is to provide high quality, objective and responsive advice to assist the ACT Government in:

- Developing and implementing policies for the advancement of older people in the ACT community;
- Meeting the Government's commitment to foster positive ageing and a sense of well-being; and
- Ensuring that older Canberrans feel safe and valued, and that they have access to appropriate programs and services.

The Public Trustee provided \$10,000.00 as major sponsor for Life's Reflection, a photographic competition and exhibition during Seniors Week 2004. The competition sought to celebrate life over 50 and to demonstrate the bond between seniors and the wider community. Accordingly the theme of the competition was 'Live, Laugh and Love'.

The competition was open to photographers in under 12, 12 to 18 and adult categories. More than 160 entries were received and exhibited at the Hughes Community Centre. Judging was undertaken by Marion Jones (Canberra Times), Niki van Buuren (photography student) and Andrew Sayers (Director, National Portrait Gallery).

A selection of the entries is published on the cover of this report.

OTHER SOURCES OF INFORMATION

Details of sources of information about the Public Trustee are included elsewhere in this Report.



ALPHABETICAL INDEX

| Subject | Page |
|--|----------------|
| Aboriginal and Torres Strait Islander Reporting | 49 |
| Advisory and Consultative Boards and Committees | 22, 24, 28, 88 |
| Alphabetical Index | 90 |
| Analysis of Human Resource Performance | 39 |
| Appendices | 50 |
| Assembly Committees, Inquiries and Reports | 31, 87 |
| Asset Management Strategy | 37 |
| Canberra Bushfire Recovery Appeal | 9, 20, 80, 82 |
| Canberra Plan | 19 |
| Capital Region Community Foundation | 48 |
| Capital Works Management | 37 |
| Certified Agreements (see Workplace Relations) | 40 |
| Chief Executive Review | 8 |
| Client Funds Management | 16 |
| Commissioner for the Environment | 48 |
| Community Engagement | 46 |
| Community Grants | 88 |
| Compliance Index | 93 |
| Consultancy and Contractor Services | 26, 87 |
| Contact officer and website address | 4 |
| Criminal Assets | 17 |
| Cost Benefit Analysis of Business Management Reform | 48 |
| Culture and Values | 29 |
| Ecologically Sustainable Development | 49 |
| Employment Arrangements | 39 |
| Estates | 14 |
| External Audit | 29 |
| External Scrutiny | 31 |
| External Sources of Labour and Services | 87 |
| Financial and Performance Statements | 19, 32 |
| Financial Management (Client) | 15 |
| Fraud Prevention Arrangements | 29 |
| Freedom of Information | 44 |
| Fuel Management Plans | 49 |
| Government Contractual Debts (Interest) | 37 |
| Government Inquiries and Reports | 87 |
| Government Trust Moneys | 18 |
| Human Resource Performance | 38 |
| Independent Advice | 26 |
| Information and Access | 43 |
| Internal Accountability Structures and Processes | 22 |
| Internal Audit | 29 |
| Justice Options & Prevention Policy Framework | 49 |
| Key Challenges and Plans | 18 |
| Learning and Development | 40, 41, 42 |
| Legal Advice | 26 |
| Legislation | 88 |
| Legislative Assembly Committee Inquiries and Reports | 87 |
| Major Issues, Challenges and Achievements for the Reporting Year | 9 |
| Ministerial Advisory Council on Ageing | 47 |

| Subject | Page |
|---|--------------------|
| Multicultural Framework | 49 |
| Occupational Health and Safety | 40 |
| Ombudsman | 31, 87 |
| Organisational Governance Arrangements | 21 |
| Organisational Structure | 39 |
| Outlook for the Coming Year | 11 |
| Overview | 13 |
| Overview of Agency Performance and Financial Results | 10 |
| Overall Performance | 18 |
| Performance Indicators | 19, 36, 67 |
| Powers of Attorney | 15 |
| Procurement Contracting Processes and Principles | 30 |
| Products and Services | 14 |
| Promotion of the Public Trustee | 48 |
| Prudent Person Principle | 26 |
| Public Education | 46 |
| Public Interest Disclosure | 44 |
| Public Trustee Investment Management Advisory Committee | 24 |
| Public Trustee Investment Board | 22, 25 |
| Public Trustee Management | 26 |
| Records Management | 44 |
| Regulatory Activities | 88 |
| Reports by Auditor-General | 29, 51, 68, 80, 87 |
| Representation | 47 |
| Responses to Assembly Inquiries | 31, 87 |
| Responsible Minister | 22 |
| Review by the ACT Ombudsman | 31, 87 |
| Risk Management | 27 |
| Risk Profile Models | 28 |
| Services to Government | 17 |
| Sponsorship | 88 |
| Staffing Profile | 87 |
| Strategic and Organisational Planning | 26 |
| Table of Contents | 6 |
| Taxation Services | 15 |
| Territory Records | 44 |
| Training | 40, 41, 42 |
| Transmittal Certificate | 5 |
| Trustee's Report | 8 |
| Trusts | 15 |
| Unclaimed Moneys | 18 |
| Wills | 14 |
| Workers' Compensation | 40 |
| Workforce Planning | 39 |
| Workplace Diversity | 40 |
| Workplace Injury, Prevention and Management | 40 |
| Workplace Relations | 40 |



COMPLIANCE INDEX

| Compliance Index No | Page |
|--|-----------|
| TRANSMITTAL CERTIFICATE | 5 |
| Aids to Access | |
| Table of Contents | 6 |
| Alphabetical Index | 90 |
| Contact Officer and website address | 4 |
| Chief Executive Review | 8 |
| Major Issues, Challenges and Achievements for the Reporting Year | 9 |
| Overview of Agency Performance and Financial Results | 10 |
| Outlook for the Coming Year | 11 |
| Agency Role and Overall Performance | 12 |
| Overview of the Agency | 13 |
| Report on Overall Agency Performance | 18 |
| Organisational Governance Arrangements | 21 |
| Internal Accountability Structures and Processes | 22 |
| Strategic and Organisational Planning | 26 |
| Risk Management and Internal Audit Arrangements | 27 |
| Fraud Prevention Arrangements | 29 |
| Culture and Values | 29 |
| Procurement Contracting Principles and Processes. | 30 |
| External Scrutiny | 31 |
| Financial Performance | 32 |
| Agency Financial Results and Analysis of Financial Performance | 33 |
| Capital Works Management | 37 |
| Asset Management Strategy | 37 |
| Government Contractual Debts (Interest) | 37 |
| Human Resource Performance | 38 |
| Analysis of Human Resource Performance | 39 |
| Workplace Relations | 40 |
| Workplace Injury Prevention and Management | 40 |
| Workplace Diversity | 40 |
| Learning and Development | 40 |

| Compliance Index No | Page |
|---|-----------|
| Information and Access | 43 |
| Freedom of Information | 44 |
| Public Interest Disclosure | 44 |
| Territory Records | 44 |
| Community and Environment | 45 |
| Community Engagement | 46 |
| Cost-Benefit Analysis of Business Regulation Reform | 48 |
| Commissioner for Environment Reporting | 48 |
| Ecologically Sustainable Development | 49 |
| Fuel Management Plans | 49 |
| Aboriginal and Torres Strait Islander Reporting | 49 |
| Multicultural Framework | 49 |
| Justice Options and Prevention Policy Framework | 49 |
| APPENDICES | 50 |
| Financial Statements | 54 |
| External Sources of Labour and Services | 87 |
| Staffing Profile | 87 |
| Reports by Auditor-General | 87 |
| Reports by the Ombudsman | 87 |
| Legislative Assembly Committee Inquiries and Reports | 87 |
| Government Inquiries and Reports | 87 |
| Legislation | 88 |
| Regulatory Activities | 88 |
| Advisory and Consultative Boards and Committees | 88 |
| Service Purchasing Arrangements–Community Grants-Assistance Sponsorship | 88 |
| Other Sources of Information | 89 |
| COMPLIANCE INDEX | 93 |

