



**PUBLIC TRUSTEE**

FOR THE AUSTRALIAN CAPITAL TERRITORY

**ANNUAL REPORT 2008 - 2009**





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FOR THE AUSTRALIAN CAPITAL TERRITORY

## **ANNUAL REPORT 2008 - 2009**

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### TRANSLATING AND INTERPRETING SERVICE

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## TRANSMITTAL CERTIFICATE



**PUBLIC TRUSTEE  
FOR THE AUSTRALIAN CAPITAL TERRITORY**

PO BOX 221  
CIVIC SQUARE ACT 2608

Mr Simon Corbell MLA  
Attorney General  
ACT Legislative Assembly  
London Circuit  
**CANBERRA ACT 2601**

Dear Attorney General

I am pleased to present the Annual Report for the Public Trustee for the ACT for the year ended 30 June 2009.

This Report has been prepared under Section 6(1) of the *Annual Reports (Government Agencies) Act 2004* and in accordance with the requirements referred to in the Chief Minister's Annual Report Directions. It has been prepared in conformity with other legislation applicable to the preparation of the Annual Report by the Public Trustee for the ACT.

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 ACT during the period 1 July 2008 to 30 June 2009 has been included and that it complies with the Chief Minister's Annual Report Directions.

I also hereby certify that fraud prevention has been managed in accordance with Public Sector Management Standard 2, Part 2.4.

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

Yours sincerely

Andrew Taylor  
**PUBLIC TRUSTEE**  
1 August 2009

WILLS • ESTATES • PERSONAL MANAGEMENT SERVICES • TRUSTS

Gnd Flr, ActewAGL Hse, 221 London Cct, Canberra ACT 2601  
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## CHIEF EXECUTIVE'S RETROSPECTIVE 2008-09

The role of a Public Trustee is not generally well known within government and the community. Our role is concerned with administering the affairs of others commonly estate and trust administration, financial management and Power of Attorney services. These are not simple matters and are compounded by the volume and complexity of individual client matters, which must be dealt with separately and distinctly.

A Public Trustee also provides a skilled service in the care and investment of trust and estate funds and public moneys, as well as Will preparation.

Our services are available to every member of the community in the interests of ensuring that there is a permanent, perpetual, public office that has the skills, accessibility and permanence to address the unique special trust needs of a diverse community whether they be Will drafting, estate or trust administration, Financial Management or Enduring Power of Attorney services.

We are essentially a self-funding ACT Government Authority and many of our services are provided as Community Service Obligations. The Public Trustee for the ACT (PTACT) does not exist to make a profit and services are provided on a fee for service basis, to cover costs.

During the past year, as PTACT's services were provided against the backdrop of the financial services sector, our performance has been affected by the Global Financial Crisis (GFC), essentially resulting in lower returns on investment and lower asset values.

In a recent publication, "The Monthly" described the current GFC as follows –

*"In the space of just 18 months, this crisis has become one of the greatest assaults on global economic stability to have occurred in three-quarters of a century. As others have written, it reflects the greatest regulatory failure in modern history. It is not simply a crisis facing the world's largest private financial institution."*

A major portion of our income is in the form of commissions derived from investments and based upon the value of assets administered or yield returned. The significant drop in the value of interest rates, shares, assets etc has caused a major drop in the PTACT's income, and is expected to do so in the immediate future.

In the face of these difficulties however, we have maintained a highly diversified investment policy and have managed to refrain from cutting back services or staffing resources, at the same time recording only a minor deficit. In that regard, I acknowledge the significant value that the Public Trustee's Investment Board has provided to PTACT's investment business activities.

Despite the downturn in the economy, our traditional forms of business were again healthy as indicated by a 9.73% increase in Cash Funds under Management as well as a 9.5% increase in Management Fees. In addition, we have absorbed significant cost increases yet our expenses were lower than estimated.



Whilst the trustee industry in general has suffered a decline in the number of Wills being prepared, our Wills business increased by 4.5%. This is attributable to strong, positive marketing of the office and its products. Amongst other forms of promotion and marketing, PTACT celebrated Seniors' Week and International Women's Day through a public estate planning seminar promoting the value of an up to date Will and Enduring Power of Attorney. A Will was provided at no cost to all women attending the seminar.

It is of continuing concern however that, notwithstanding the relatively high level of personal wealth that Australians have in world terms, statistics indicate that just under half of Australians that die do not have a Will. More than half of those that have a Will, have one that is out of date. What is more alarming is that these figures have been constant for some time, reflecting our expected unwillingness to engage with our mortality.

People with impaired capacity make up a significant and increasingly higher percentage of the community. Twenty percent, or one in five people, will experience a mental illness in their lifetime. Many will experience an acquired brain injury as a result of a medical condition, or a sporting or motor vehicle accident. Statistics suggest that 1.6% of women and 2.2% of men have one. Another 2% of the population is born with an intellectual disability. Currently 1% of the Australian population has dementia. As the population increases, the number of people with dementia is expected to sharply increase, particularly in respect to Canberra's ageing population.

The Public Trustee plays a significant and valued role in the day-to-day lives of these vulnerable members of the community, much of which is in the background, and not readily apparent to the general community. Our aim in providing services to people with impaired decision-making ability is to manage their income and assets (including property) with the aim of adding value to their lives and improving their quality of life. The traditional measures however do not reflect the level of care, compassion, respect and responsibility shown by Public Trustee staff in respect to a portion of the community which has little or no voice and can not easily attest to the way in which these services have been provided.

We have worked closely with the Public Advocate and the ACT Civil and Administrative Tribunal (ACAT) in reviewing arrangements through which the Public Trustee has now become the first point of reference for persons seeking an Emergency Financial Management order under the *Guardianship and Management of Property Act 1991*. The outcome has been that the Public Trustee's intervention has seen only the more appropriate applications being made to the Tribunal with the desire that less orders are made. As a result, there has been a pleasing 14.5% reduction in the number of current orders appointing PTACT as financial manager.

We have developed a strong relationship with the recently established ACAT in the interests of better representation for protected persons.

GreaterGood was established by the Public Trustee in 2003/04 and, during the year, a major 5 year structural review was undertaken resulting in a revised board structure, review of the Deeds and development of a new website. We are indebted to our hard

working Board who provide their time and expertise at no cost. GreaterGood's successes have come largely from donations through Wills and estates and by philanthropists generally, and largely through the efforts of the GreaterGood Board and PTACT staff.

A major strategic initiative has been the development of a GreaterGood Workplace-Giving package which relies upon capital retention and income distribution with no deduction of costs from moneys donated. Our PTACT Workplace-Giving Fund was established in September 2008 and has since been extended to the Department of Justice and Community Safety with the strong support of former JACS Chief Executive Renée Leon. Under the Public Trustee's program, 50% of staff immediately committed, and have continued to donate, fortnightly deductions from their salary to benefit charity in the ACT. This program has become the spearhead and 'proof of concept' for the scheme to be established in other workplaces in the private and public sector, under the auspices of the Capital Region Community Foundation (GreaterGood). PTACT is committed to working through the GreaterGood to develop its Workplace-Giving package as the preferred model for ACT Government Departments' staff philanthropy programs.

During the year, the Public Trustee was appointed as trustee for "Our Wellness Foundation", a new community foundation under the auspices of GreaterGood. Our Wellness Foundation seeks to receive and manage donations from the community for health and well being initiatives in the ACT.

In the continuing development of our reputation as a responsive, accountable and compassionate community service provider, a Staff Code of Conduct, a revised Privacy Policy, as well as a Complaints Policy and brochure were established.

Despite the effects of the GFC, the outlook for the Public Trustee is highly positive with a strong demonstration of value to the community, strong indicators in traditional and emerging areas of business and the development of areas of business that will sustain the office well into the future.

I publicly acknowledge the skill, dedication and compassion demonstrated by PTACT staff during the year as well as the significant value provided to PTACT by the outgoing Chief Executive, Justice and Community Safety, Renée Leon, and her executive team.

It is my privilege to present, on behalf of PTACT staff, the Annual Report of the Public Trustee for the ACT for 2008-09. This Report incorporates the Annual Reports of the Public Trustee, the Public Trustee Investment Board and the Capital Region Community Foundation (GreaterGood).



Andrew Taylor  
PUBLIC TRUSTEE





**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **SECTION A**

## **PERFORMANCE AND FINANCIAL MANAGEMENT REPORTING**

## A.1 THE ORGANISATION

### WHO WE ARE

The Public Trustee for the ACT (PTACT) is a Territory Authority established under the *Public Trustee Act 1985* to provide trustee services to ACT Government and to the ACT Community.

### WHAT DOES A PUBLIC TRUSTEE DO?

All State/Territory governments have established statutory Offices of Public Trustee (State Trustee in Victoria). This is to ensure that every person in our communities has access to affordable Will-making services, Enduring Power of Attorney, Funds Management and estate and trust administration services.

People in our community often need someone to manage their financial (and property) affairs either temporarily or permanently, whether through choice, disability or death. A Public Trustee satisfies that need.

We also look after unclaimed moneys, confiscated criminal assets and moneys held in trust by government on behalf of the community eg the Residential Rental Bonds Trust Account.

The ACT's Public Trustee receives minimal funding from Government and does not exist to make a profit.

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

The government wants to ensure that all persons in the community take responsibility for making plans in the event of death or disability. The Public Trustee assists people in the community to make such plans and, also in the event that those plans are not made.

By establishing an agency that promotes and provides these services to the community, the burden of personal financial management and estate administration does not fall to the rest of the community.

A Public Trustee provides people with the assurance that a skilled, professional, perpetual public official can represent their wishes upon their death or disability.

### WHAT WE DO

<b>Wills</b>	We prepare Wills on a fee for service basis where the Public Trustee is appointed as Executor.
<b>Enduring Powers of Attorney (EPA's)</b>	We provide advice and prepare EPA's where the Public Trustee is engaged as attorney for financial management purposes.
<b>Estate Administration</b>	We administer deceased estates where appointed as executor or under letters of administration.
<b>Trust Administration</b>	We administer trusts as trustee, manager or receiver of funds for minors or for those unable to manage their assets.

<b>Financial Management</b>	We act as financial manager for persons with a decision-making disability under orders of ACAT.
<b>Funds Administration</b>	PTACT manages funds in respect to government and non-government trust funds.
<b>Investment Services</b>	PTACT has an investment framework under which investment services are provided under the Prudent Person Investment Rule contained in the <i>Trustee Act 1925</i> .
<b>Confiscated Criminal Assets</b>	We administer assets restrained under the <i>Confiscation of Criminal Assets Act 2003</i> .
<b>Unclaimed Moneys</b>	We receive, invest and manage claims for unclaimed moneys under the <i>Unclaimed Moneys Act 1950</i> , <i>Legal Practitioners Act 1970</i> and the <i>Agents Act 2003</i> .
<b>Private Financial Managers' accounts</b>	We examine the accounts prepared by private financial managers appointed under order of ACAT to act on behalf of persons with a decision-making disability.
<b>Trustee Services</b>	<p>We are Trustees for -</p> <ul style="list-style-type: none"> <li>→ GreaterGood (The Capital Region Community Foundation)</li> <li>→ Our Wellness Foundation</li> <li>→ The Perpetual Care Trust (under the <i>Cemeteries and Crematoria Act 2003</i>)</li> </ul>

## OUR VISION

We aspire to be everybody's first choice for trustee services in the Territory.

## OUR VALUES

Honesty, professionalism and accountability and to consistently exceed our clients' expectations.

## OUR STRUCTURE

The Public Trustee is a small government business comprising 34 staff. Our staff has a broad and complementary range of skills including legal, accounting, financial management and financial planning. We have one office, centrally located in the City, broadly divided into sections as follows -

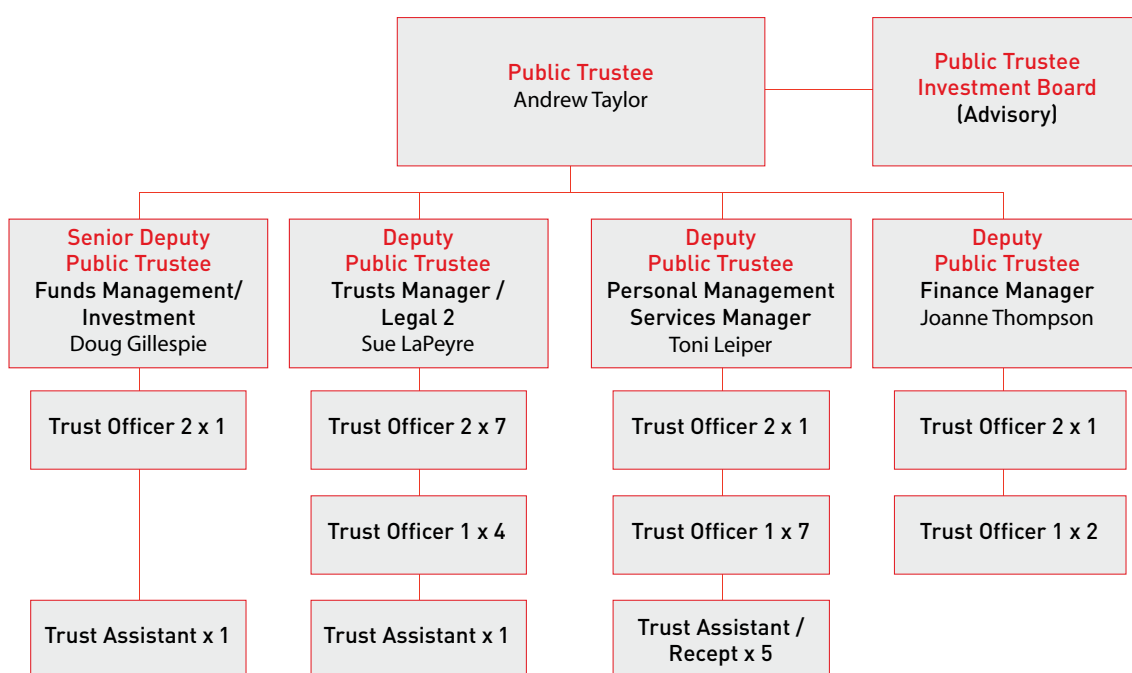
- Estates/Trusts
- Personal Management Services
- Funds Management/Investment
- Finance

Each section is headed by a Deputy Public Trustee, who, together with the Public Trustee, forms a Management Committee. A Senior Deputy Public Trustee is responsible for the Public Trustee's significant investment and fund management services.

The Public Trustee is provided with investment advice by a statutory board comprising industry representatives appointed by the Attorney General.

We are essentially self-funding with only a small level of base funding provided by ACT Treasury under a Statement of Intent, which establishes the government's expectations of us. We are administratively attached to the Department of Justice and Community Safety (JACS) and report to JACS under a Memorandum of Understanding (MOU).

Our organisation chart setting out the Public Trustee's structure is set out below -



The profile of our staff is described in detail under C.7 in this report.

## OUR CLIENTS

Our clients are a cross-section of the ACT community, made up of vulnerable people who need a trusted long-term representative, as well as people at every socio-economic level who need Will, EPA and Estate/Trust administration services. We also provide important services to government on behalf of the community in managing funds and trust accounts.

## OUR STAKEHOLDERS

Our stakeholders are the ACT community and the ACT Government. Our stakeholders have both a representative and an educative expectation of us.

Our principal stakeholders are the ACT Attorney General and the ACT Treasurer and their respective departments.

We partner with the Public Advocate of the ACT and ACAT in the provision of our services. We have worked closely with ACAT in its development, establishment and operational phases, and our perception of the new Tribunal structure six months into its short life is highly positive. A PTACT representative attends ACAT hearings in respect to financial management matters on a weekly basis.

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

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



## A.2 OVERVIEW

### HOW WE PERFORMED IN SUMMARY

Our performance is often measured in terms of how well we manage the assets that we are entrusted with. In the circumstances of the Global Financial Crisis, the measure of our performance in that regard is not necessarily how our funds performed, but how well they performed in the face of depressed markets.

The performance of our funds is discussed more fully elsewhere in this report.

PTACT's 2008-09 Business Plan identified Key Result Areas and Strategic Priorities. Our performance against these objectives is set out in the following table -

- fully achieved
- partly achieved
- X not achieved

KEY RESULT AREA	STRATEGIC PRIORITY	RESULT
<b>Business Development</b>	• Maintain efficient and professional estate and trust services.	•••
	• Contribute to JACS review on ACT Tribunals Structure.	•••
	• Work with ACAT to review the application process for Financial Management orders.	•••
	• Promote and market the Capital Region Community Foundation – A Workplace-Giving scheme was established in PTACT and JACS. Reviews of structure and deeds completed and building of new website in progress.	••
	• Market the PTACT brand to the broad community. PTACT has a comprehensive marketing program and holds an annual seminar on Wills and EPAs to celebrate Seniors Week and International Womens Day.	•••
<b>Service Delivery and Client Satisfaction</b>	• Review PTACT's investment arrangements. (A new Listed Property Funds manager was appointed as well as a number of policies being reviewed in conjunction with the Investment Board).	•••
	• Respond to and implement recommendations in the ACT Auditor-General's Audit Report.	•••
	• Formal appointment as trustee for Our Wellness Foundation and for several ACT Government Trust accounts.	•••
	• Review performance of fund managers and asset consultant. Board monitored performance through external assets consultant.	•••

KEY RESULT AREA	STRATEGIC PRIORITY	RESULT
Strategic Relationships	<ul style="list-style-type: none"> <li>Work closely with President ACAT in the establishment of ACAT.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Maintain representation on industry forums. Undertake website development and maintenance for AGAC. Act as Executive Committee member, National Council, Trustee Corporations of Aust Inc (TCA).</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Provide mental health training to PTACT staff.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Monitor security for PTACT Reception staff.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Maintain and develop PTACT, GreaterGood and AGAC websites. Establish new website for Our Wellness Foundation.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Maintain high level of investment and marketing in PTACT brand.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Review Code of Conduct from a privacy perspective in May 2009.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Maintain membership of PTACT Investment Board – PTACT appointed new Board in March 2009.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Maintain relationship with key stakeholders incl Law Society, ACT Community, Public Advocate, ACAT &amp; Nursing Homes. Hosted Nursing Home meetings about residents' petty cash arrangements.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Print and supply GreaterGood brochures to ACT Law Society.</li> </ul>	•••
Systems Development	<ul style="list-style-type: none"> <li>Participate in Law Week Market, Retirement and Lifestyle Expo and sponsored Life's Reflection.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Implement replacement income tax system.</li> </ul>	••
	<ul style="list-style-type: none"> <li>Implement Online Wills Fact Finder.</li> </ul>	X
	<ul style="list-style-type: none"> <li>Implement People and Relationships.</li> </ul>	••
	<ul style="list-style-type: none"> <li>Complete evaluation of Chameleon software.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Implement centralized label printing.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Implement CommBiz.</li> </ul>	•••
Staffing & Capability	<ul style="list-style-type: none"> <li>Develop new reporting tool in TACT system.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Create and fill new position of T02 PMS.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Complete staff achievement and development plans.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Establish PTACT Workplace-Giving fund – 50% of PTACT staff contribute through payroll deductions.</li> </ul>	•••

KEY RESULT AREA	STRATEGIC PRIORITY	RESULT
	<ul style="list-style-type: none"> <li>Finalise Public Trustee Practice Manual.</li> </ul>	••
	<ul style="list-style-type: none"> <li>Recruit 3 skilled Estate/Wills/Trusts Trust Off Gr 2.</li> </ul>	•••
	<ul style="list-style-type: none"> <li>Maintain industry training program - University of Western Sydney. (Staff enrolled in 18 modules).</li> </ul>	•••

## WHERE WE VARIED FROM OUR DESIRED RESULT

- Implement replacement income tax system – Technical difficulties experienced. InTACT is resolving these.
- Implement People and Relationships – implemented but not fully operational.
- Finalise Public Trustee Practice Manual – This project has been delayed for some time and was recently re-commenced.

## OUR PLANNING FRAMEWORK AND DIRECTION SETTING

We have a dual planning and accountability framework reporting to the Chief Executive JACS, whilst financially accountable to ACT Treasury.

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

Our direction is defined by a Statement of Intent with ACT Treasury and by a MOU with JACS.

PTACT participates in the strategic planning and management of JACS through Departmental forums including JACSCOM, SOHO and JACS IM/ICT (Information Management) Committees.

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

The Public Trustee is trustee for the Capital Region Community Foundation (GreaterGood) and the GreaterGood Board is active in establishing the strategic direction of the foundation.

## OUR ORGANISATIONAL ENVIRONMENT

The Public Trustee is one of the smaller Australian Public Trustees however our activities are more diverse than most others. Our community is unique compared to others in Australia in that we are largely city dwelling and with a different socio-economic demographic to other states/territories.

Whilst we do not have the organisational issues confronting other Public Trustees, given our size and concentrated population, PTACT delivers trustee services across a more diverse suite of trustee responsibilities including Unclaimed Moneys, management of government trust funds, confiscated criminal assets and a Community Foundation.

PTACT has a strong organisational relationship with a number of JACS agencies, including the Public Advocate of the ACT and the ACT Civil and Administrative Tribunal and works closely with JACS on matters of common interest including legislative reform, trust administration and funds management and investment. In respect to our statutory trust activities however, the Public Trustee has autonomy and independence.

PTACT has a single, centrally-located office, housing all functions. Our organisational structure has a flat management structure, representative of our four main business areas and of the specialist nature of activities within the organisation.

Organisationally PTACT is, in most respects, self-contained. IT services are provided by the ACT Government's IT Service Provider InTACT.

### **RESPONSE TO SIGNIFICANT ORGANISATIONAL CHANGE**

PTACT has not experienced any significant organisational change or revision of administrative arrangements during 2008-09.

### **ADMINISTRATION OF LEGISLATION**

The Public Trustee's powers and responsibilities are principally established by the *Public Trustee Act 1985* and the *Trustee Act 1925* as well as other ACT and Commonwealth legislation.

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

### **SUBSIDIARIES, JOINT VENTURES AND PARTNERSHIPS**

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

## A.3 HIGHLIGHTS

### OPERATIONAL ACHIEVEMENTS

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

A significant part of PTACT's revenue is from user charges in the form of income commission. Whilst the total of funds managed on behalf of ACT Government agencies increased, an effect of the Global Financial Crisis was that plummeting interest rates significantly reduced this normally reliable source of revenue.

A major achievement however was that through strong business development over the past several years, PTACT has managed to avoid a significant loss.

Highlights are as follows -

- Increased Cash Funds under Management from \$182.04M to \$199.9M.
- Increased the quantum of funds managed on behalf of ACT Government agencies by \$14M.
- Increased management fees from \$975,084.00 to \$1,068,148.00.
- Total expenses were \$388.00 lower than the 2008-09 budget estimate for expenses of \$3,800,000.00.
- Reviewed Cash Enhanced and Listed Property Fund Management arrangements;
- Conducted Annual Wills & Powers of Attorney seminar.
- Established Workplace Giving in ACT Government.
- 10 approaches to the ACT Ombudsman, only one of which was investigated, with no finding any administrative deficiency.
- Increased public donations to GreaterGood by \$833,872.04 (after distributions).
- Establishment of Complaints and Privacy policies.

### MAJOR CHALLENGES FACING THE PUBLIC TRUSTEE

A major challenge facing PTACT is to maintain our capability as a prudent financial manager during the GFC.

PTACT derived 77% of its 2008-09 revenue from fees and charges. The bulk of these charges represent either income commission from investment activities or capital commission on assets. The GFC has affected the value of assets under management and the percentage rate of income return on investments. Traditionally, PTACT's income is affected by fluctuations in the financial sector and, whilst the Public Trustee's surplus in recent years had grown to \$571,500.00 for 2007-08, the impact of the GFC caused PTACT to estimate a minor loss for the reported year. Changes in the methodology used to estimate Long Service Leave liability as well as the inclusion of on-costs in the estimate of the Annual Leave liability increased PTACT's employee expenses by \$169,321.43. This readjustment affects all ACT Government agencies. The bulk of this adjustment is not a recurrent cost.

PTACT has been able to avoid a major trading loss mainly because of the strength of our business in which our management fees and other income fees both recorded strong increases.

PTACT acts on advice from external markets consultants as well as the Public Trustee Investment Board. A professional trustee primarily seeks to protect the interests of his/her client and must act in accordance with the prudent person investment principle contained in the *Trustee Act 1925*. Accordingly PTACT has acted diligently by establishing appropriate means of diversification across asset classes in allocations reflective of the individual clients' risk profiles. This has served to protect clients' interests during the market downturn. In a time of risk to revenue, PTACT has recorded a drop against its estimated expenses for the current year, despite increased salaries resulting from the Certified Agreement and a rise in costs across the board with no reduction in the volume and quality of services delivered.

### **PROGRESS AGAINST STRATEGIC OUTPUTS AND SERVICE PRIORITIES**

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

## A.4 OUTLOOK

### OUR FUTURE PRIORITIES

In previous Annual Reports a future priority was to establish a staff structure and a recruitment methodology to stem the drain of expertise resulting from retirement/ departure of long-serving staff. It is pleasing to note that this methodology has paid dividends in that we have assembled a team of highly qualified and experienced staff which has placed PTACT at the forefront of our business activities.

As reported in our last Annual Report, a continuing longer-term priority is to ensure that PTACT is viable and equipped to deal with the demands of an ageing population. Trends in ACT demographics reported by the Australian Bureau of Statistics suggest that this will impact greatly on the Public Trustee's role as a Financial Manager. Changes in family life, the incidence of blended and globally scattered families, and greater complexity in personal financial circumstances dictate that the Public Trustee must continuously respond to and adapt to environmental change.

Another significant priority is to continuously review and diversify investment arrangements to ensure that fund managers are performing well in an ever-changing and volatile financial environment.

### TRENDS AND FORECAST CHANGES IN OUR OPERATING ENVIRONMENT

#### An Ageing population

The trend to an ageing population continued in 2008-09 and the incidence of dementia is higher. ACT residents continue to enjoy Australia's highest life expectancy at 79.9 years for males, and 84 years for females and have higher life expectancy at birth than residents of other states and territories (1.4 years higher for males and .7 years higher for females).

**Our death rate is Australia's lowest** - (5.6 deaths per 1,000 people).

**Our median age at death is higher than the national average** - (78.5 years).

**Our birth rate is Australia's lowest** - (1.65 births per woman).

**These unique statistics will directly affect PTACT's operating environment through -**

- increased demand for representation through Enduring Powers of Attorney;
- increased need for appointment as Financial Manager; and
- a flow-on rise in estate administrations.

The net result is that the Public Trustee must ensure that it has the funding and a qualified staffing resource to address these likely trends. It is vital that we further develop and maintain our strong business position to fund these increased demands.

#### Global Financial Crisis

As much of the Public Trustee's business involves asset or money management, the Global Financial Crisis has had a marked impact upon our operating environment. This is covered in greater detail in A.3 Highlights under Trends and Changes in Operating Environment.

**SIGNIFICANT IMMEDIATE FUTURE RISKS AND ISSUES ARE...**

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

- The long term economic viability of PTACT must be enhanced through the building of reputation, the establishment of reliable long-term sources of funding and the deployment of smart technological solutions.
- PTACT's staff is critical to its business and the risk of skill loss must be addressed through a strong attraction, training and retention policy.
- Failure to comply with legislation, policies and procedures poses a strong potential risk and this must be addressed by rigid QA, training and workflow-based systems.
- The potential risk of fraud resulting in misappropriation of funds and property must be addressed by a Fraud, Risk & Corruption Management Plan reviewed on a regular basis.
- The risk of business system failure affecting access to information poses a strong potential risk which must be addressed by establishment and continual maintenance of a Business Continuity Plan.
- PTACT's customer landscape presents a threat to the personal safety of PTACT staff which again is addressed through the Fraud, Risk and Corruption Management Plan and rigid application of protection measures.
- Financial loss in relation to funds management is a constant risk in fluctuating markets and a diligent and prudent approach to the review of investment arrangements including fund managers is necessary.

The Public Trustee's Fraud, Risk and Corruption Management Plan is reviewed biennially and will be reviewed during 2009-10.



## A.5 MANAGEMENT DISCUSSION AND ANALYSIS

### OBJECTIVES

PTACT's primary objective is to provide professional trustee services to residents of the ACT.

Our principal activities include –

- preparation of Wills where the Public Trustee is named as executor or co-executor;
- administration of deceased estates under Will or intestacy;
- acting as trustee for life interest estates and persons lacking legal capacity;
- financial management under Enduring Power of Attorney, and under Order of the ACT Civil and Administrative Tribunal;
- examination of accounts of external managers under the *Guardianship and Management of Property Act 1991*;
- asset services in relation to the confiscation of criminal assets;
- taxation and safe custody services for established clients;
- acting as agent for Unclaimed Moneys; and
- undertaking investment responsibility for ACT Government Trust Funds.

### RISK MANAGEMENT

Our fraud, risk and corruption minimisation strategy covers all investment, financial, operational and administrative responsibilities. This strategy documents business processes undertaken by the Public Trustee, identifies key risks associated with these processes and measures undertaken to control these risks.

The following potential risks may influence our future position –

- Maintenance of market share in respect to commercial services provided by PTACT. These activities substantially fund the cost of providing PTACT's Community Service Obligations to the community. This risk is addressed through customer satisfaction, brand development and marketing.
- Risk of significant skill deterioration in the workforce through retirement. We are reviewing workforce training as part of the business and strategic plan to ensure skills are retained. During the year, PTACT recruited a further legal practitioner to address estate/Wills pressures. Through our relationship with PTNSW we have accessed NSW Wills precedents.
- Ongoing business system reliability and integrity is a major potential risk to our business. We have made continuing changes to our IT infrastructure aimed at minimising these risks. We have also incorporated changes to the PTACT business system 'TACT' to address requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*.

## REVENUE

Revenue figures are based upon actual figures to 30 June 2009, the audited Financial Report for 2008-09 and 2008-09 budget estimates contained in the 2008-09 Budget Paper Number 4.

Our operating deficit for the year ended 30 June 2009 was (\$117,514.00), a decrease of \$559,514.00 in the 2008-09 budget estimate of \$442,000.00 for the same period, and a decrease of \$689,071.00 over the previous year. The deficit is due to -

- decreased operating revenue;
- decrease in the value of, and income received on, Common Fund investments;
- downturn in the market and lower than anticipated values in estates being finalised; and,
- changes in the methodology for reporting and allocation of annual and long service leave resulted in a dramatic increase in employee expenses, leaving revenue lower than expenses.

PTACT derived 77% of its revenue from fees and charges relating to the provision of trustee services.

Total revenue for the year ended 30 June 2009 was \$3,682,098.00, which is \$559,902.00 lower than the 2008-09 budget estimate of \$4,242,000.00 for the same period and a decrease of \$298,007.00 (7.49%) over the 2007-08 actual outcome of \$3,980,105.00 for the same period.

## EXPENSES

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

Total expenses for the year ended 30 June 2009 were \$3,799,612.00 of which \$2,818,057.00 or 74.17%, were employee-related (including superannuation). Total expenses were \$388.00 lower than the 2008-09 budget estimate of \$3,800,000.00. By comparison, actual expenses for the previous year were \$3,408,548.00. This is mainly attributable to -

- depreciation expenses increased from the previous year for the same period due to remodeling of the office that occurred in 2007-08;
- employee expenses increased due to the new Justice and Community Safety Enterprise Bargaining Agreement, together with the implementation of new ACT Government methodologies used in calculating long service and annual leave; and
- position reclassifications recognising the unique and difficult workloads of particular positions.

Expenses have risen quite significantly in the last few years. This trend is expected to continue. In future years it is anticipated that employee expenses will increase due to changes to wage conditions, the employment of professional staff to cope with the ever changing workload and the continually increasing client base. It is also anticipated that, due to the increasing workload of the office, an increase in supplies and service expenses will also occur.

## PUBLIC TRUSTEE FINANCIAL POSITION

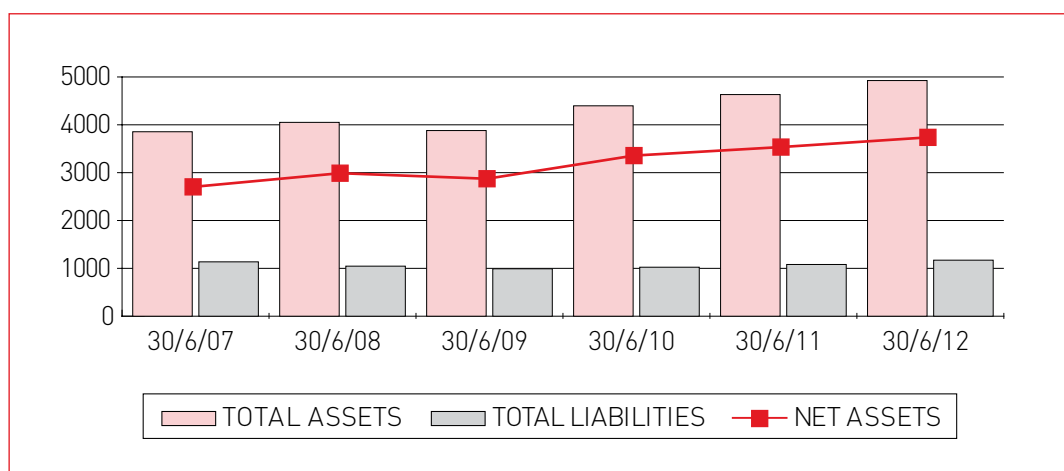
Key indicators of the health of the Public Trustee's financial position are the ability to sustain the existing asset base, the ability to pay debts falling due in the short term and maintaining prudent levels of longer term liabilities. The graph below indicates assets held by the Public Trustee at 30 June 2009.

As shown in the graph below, the Public Trustee has total assets of \$3,879,814.00, of which a sizeable percentage (\$2,950,000.00) is invested with various financial institutions, and \$389,654.00 is held in short term cash accounts for ongoing expenses. The balance of assets, \$540,160.00, is made up of receivables of \$180,476.00, prepayments of \$37,209.00 and Property Plant and Equipment of \$322,475.00. The main variance against the same period in 2007-08 is a decrease in Cash and Cash Equivalents due to the decrease of fees and commissions received. The decrease in Plant and Equipment is attributable to depreciation charges. As a result of the income decrease the asset balance is lower than the 2008-09 budget estimate of \$4,166,000. Graph 01 - Assets.

## SUSTAINED ASSET BASE

The figure below illustrates the Public Trustee's strong net asset position due to the increased level of funds under management, in comparison with liabilities.

### Summary Statement of Financial Position



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

## LIQUIDITY

"Liquidity" is the ability to satisfy 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 1:1 may indicate a reliance on the next financial year's operating revenue to meet short-term debts. The table below illustrates our liquidity position.

## Current Ratio

	PRIOR YEAR ACTUAL \$'000 2008	CURRENT YEAR ACTUAL \$'000 2009	CURRENT YEAR BUDGET \$'000 2009	FORWARD YEAR BUDGET \$'000 2010	FORWARD YEAR BUDGET \$'000 2011	FORWARD YEAR BUDGET \$'000 2012
<b>Total Current Assets</b>	3 609	3 557	3 907	4 252	4 601	4 896
<b>Total Current Liabilities</b>	1 014	908	965	998	1 052	1 139
<b>Current Ratio</b>	3.56:1	3.92:1	4.26:1	4.26:1	4.37:1	4.30:1

The Public Trustee's current ratio as at 30 June 2009 is 3.92 to 1, a decrease on the budgeted current ratio at 30 June 2009 of 4.05 to 1.

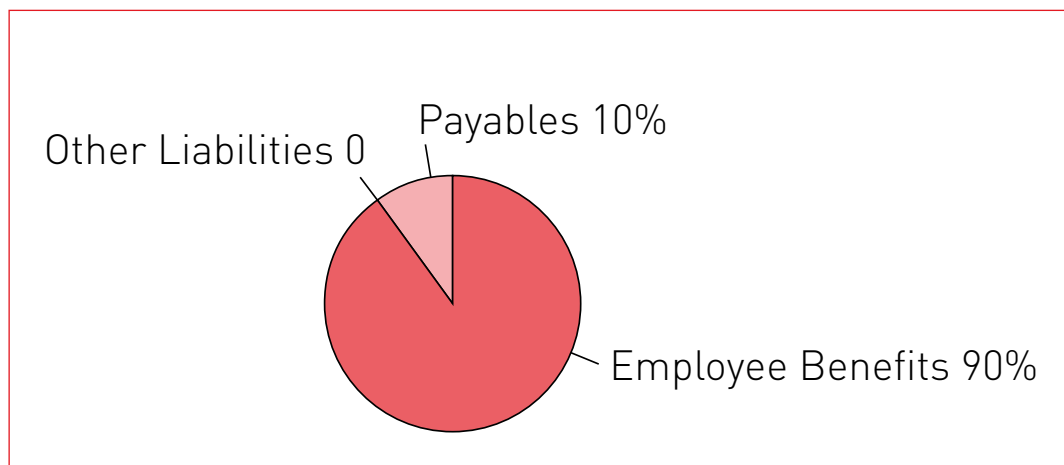
## LIABILITIES

The Public Trustee's total liabilities for the period ended 30 June 2009 were \$992,783.00. This balance is \$4,783.00 higher than the 2008-09 budgeted figure of \$988,000.00 and lower than the actual balance as at 30 June 2008 by \$53,778.00. The main fluctuations are:

- the increase in employee provisions of \$259,494.00 are due to -
  - (a) changes in the methodology used to calculate long service and annual leave resulting in an increase in the provision of \$169,321.00; and
  - (b) increases in staffing numbers and salaries which have increased the corresponding provision.
- a decrease in payables of \$27,494.00 due to the payment of the majority of invoices relating to the 2008-09 financial being received and paid in the 2008-09 year; and
- a decrease of \$285,777.00 in other liabilities due to the operating deficit and no dividend being provided for.

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.

## Liabilities



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

The ratio at 30 June 2009 as indicated in Table 2 is **3.54 to 1** and remains constant in forward years. The ratio of **3.54 to 1** is an increase from **3.43 to 1** at 30 June 2008. This shows that the liquidity of the Public Trustee is more than adequate.

### Financial Assets to Total Liabilities Ratio

	PRIOR YEAR ACTUAL \$'000 2007-08	CURRENT YEAR BUDGET \$'000 2008-09	CURRENT YEAR ACTUAL \$'000 2008-09	FORWARD YEAR BUDGET \$'000 2009-10	FORWARD YEAR BUDGET \$'000 2010-11	FORWARD YEAR BUDGET \$'000 2011-12
<b>Total Financial Assets</b>	3 590	3 886	3 520	4 230	4 578	4 872
<b>Total Liabilities</b>	1 047	988	991	1 024	1 081	1 171
<b>Financial Assets to Liabilities Ratio</b>	3.43:1	3.93:1	3.54:1	4.13:1	4.23:1	4.16:1

With financial assets to total liabilities ratios well in excess of 1:1, the Public Trustee is well positioned to meet long term funding requirements.

## A.6 FINANCIAL REPORT

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

## A.7 STATEMENT OF PERFORMANCE

Refer A6 above.

## A.8 STRATEGIC INDICATORS

Not applicable to PTACT.

## A.9 ANALYSIS OF AGENCY PERFORMANCE

2008-09 has again been a productive year for the PTACT in terms of business levels, although revenue levels do not reflect that. Our performance in brief is as follows -

- Net operating deficit of \$117,514.00 for 2008-09, representing a decrease of \$559,514.00 over estimate \$442,000.00 and a decrease of \$689,071.00 over the previous year.
- Funds under management of \$199,758,788.00, an increase of 9.73% over \$182,040,000.00 in 2007-08.
- Expenses were \$388.00 lower than budget estimate of \$3,800,000.00.
- Investment arrangements were reviewed with two new fund managers appointed.
- GreaterGood corpus increased by \$833,872.04 to \$5,187,049.00.
- Customer satisfaction at 95.96%.

### FUNDS MANAGEMENT

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

At 30 June 2009, PTACT had funds under management of \$199,758,788.00, an increase of 9.73%.

#### Comparative Funds Performance

Client moneys are invested through Common Funds in accordance with the "prudent person investment principle" established by the *Trustee Act 1925*.

This diversification enables PTACT to offer tailored investment portfolios giving clients potential for a mix of capital growth, income returns and tax effectiveness, in keeping with individual risk profiles.

Client moneys held in these funds decreased from \$96.95M in 2007-08 to \$87.77M in 2008-09.

PTACT's five asset sector Common Funds are -

#### Cash Common Fund

The Australian banking system remains strong with 4 Australian banks represented in the world's 8 AA rated banks. PTACT's internally managed cash funds are invested in a range of bank and non-bank financial institution deposits, notes and bills of exchange. Interest returns vary with the market cash rate and, at 30 June 2009, the interest rate was 3.00% (down from 7.5% at 30 June 2008) and the fund size was \$46.7M, up from \$45.8M at 30 June 2008. Whilst fluctuations are a normal and expected occurrence due to the changing circumstances of the clients involved and timing of the investment into the market, significant drops were experienced in the rates payable.

### Australian Equities Common Fund

An externally managed portfolio of Australian stocks. Funds under investment total \$20.12M, down from \$38.6M at 30 June 2008. This variation is attributable to a drop in share values as well as a concerted program of reduction in assets in the Australian Equities Fund and an increase in assets in the International Equities Fund in line with the recommendations in a recent review of the Public Trustee's Investment arrangements.

### International Equities Common Fund

An externally managed portfolio of non-Australian stocks. The Fund was established in May 2008 as part of the review of investment arrangements and, at 30 June 2009, \$6.97M had been invested.

### Australian Fixed Interest Common Fund

An externally managed portfolio of corporate and government bonds and floating rate notes. Funds under investment at 30 June 2009 were \$14.06M compared to \$14.3M at 30 June 2008.

### Australian Listed Property Trust Common Fund

An externally Managed Property Security Fund invested in listed property trusts across retail, industrial and commercial sectors. Funds under investment at 30 June 2009 were \$3.64M compared to \$5.0M at 30 June 2008. During the last financial year, PTACT appointed Vanguard Property Securities Index Fund as its Fund Manager. Vanguard is a passive style manager and at 30 June 2008, PTACT had withdrawn its funds from the previous manager, and temporarily held them in the Cash Common Fund.

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

### PTACT Comparative Funds Performance

FUND PERFORMANCE	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	7 YEARS
Cash Common Fund	0.75	1.62	5.01	5.59	5.26	4.97
Australian Equities C/Fund	6.94	16.11	-12.94	-3.31	6.73	6.87
Fixed Interest C/Fund	0.11	-0.76	9.22	4.91	4.67	4.91
Listed Property Trusts C/Fund	5.21	-8.14	-43.04	-22.54	-8.61	Not Avail
International Equities C/Fund	8.00	10.71	-20.88	Not Avail	Not Avail	Not Avail



## INVESTMENT STRATEGY

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

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

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

The following issues are considered in setting investment objectives -

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

The Australian Equities, Australian Fixed Interest, Listed Property Trust and International Equities Common Funds act as vehicles for investment of client funds in asset allocations that reflect individual risk profiles. PTACT operates four risk models where clients with compatible risk profiles are grouped for investment into the common funds in asset allocations designed to address their needs -

### Growth Model Portfolio

The Growth strategy seeks to achieve long-term returns in excess of inflation. Allocation to Australian Equities provides greater potential for growth plus potential taxation benefits of franked dividends.

Performance for the year after fees was -10.39%.

### Balanced Model Portfolio

The Balanced strategy seeks to provide a balance between return and volatility. It is suitable for medium term trusts, or those with a mix of income and capital needs for beneficiaries. Performance after fees for the year was -4.89%.

### Income Stable Model Portfolio

The Income Stable strategy seeks to provide income return with moderate volatility plus potential for some growth to protect the real value of the trust. It is suitable for trusts with income needs, short terms and conservative risk profiles.

Performance return after fees for the reported year was -1.65%.

### Capital Stable Model Portfolio

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

The fund consistently returned 5.01% during the year, and closed at 3.00%.

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

### Risk Model Comparative Performance

RISK MODEL	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS	5 YEARS	7 YEARS
Capital Secure	0.75	1.62	5.01	5.59	5.26	4.97
Income Stable	2.58	4.43	-1.65	1.74	5.07	5.56
Balanced Investment	3.69	6.19	-4.89	0.03	5.72	6.13
Growth Investment	5.17	9.30	-10.39	-2.35	5.68	6.23

### OUR SERVICES TO GOVERNMENT

#### Government Trust Moneys

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

Performance reporting in respect to individual trust accounts is a matter between the Public Trustee and the client. PTACT invests these moneys in accordance with the prudent person investment principle of the *Trustee Act 1925* and returns a dividend to the particular account minus Public Trustee fees. Funds held at 30 June 2009 amounted to \$112,114,020 in respect to the following accounts -

- ACT Health;
- ACT Procurement Solutions;
- *Agents Act 2003* – Consumer Compensation Fund;
- Land Development Agency;
- Residential Rental Bonds Trust Account;
- Justice and Community Safety;
- Workers Compensation (ACTIA);
- Nominal Defendant (CMD).

Moneys held in these accounts are invested in a range of securities including bank bills and financial institution deposits managed internally and a Fixed Interest Trust managed by Suncorp Metway Investment Management Limited. The circumstances of

each account are reviewed regularly and investment strategies decided according to individual risk profiles, objects, needs for income and relevant legislation.

It should be noted that moneys held in these accounts are not invested in either Australian or International Equities and, as such, are not at risk of unethical investment.

The ACT Auditor-General's Performance Audit Report titled *Management of Trust Moneys and Other Non-Public Moneys* released in June 2006, found that a number of ACT Government agencies had failed in their obligation to invest identified trust funds with the Public Trustee. The Public Trustee continues to pursue the matter to ensure compliance.

### Criminal Assets

The *Confiscation of Criminal Assets Act 2003* (COCA) authorises the confiscation of the proceeds of crime and other criminal assets, and empowers the Public Trustee to administer assets restrained under the Act. Forfeited assets are secured and sold by the Public Trustee, and moneys realised are deposited into the Confiscated Assets Trust Fund for community safety initiatives.

The Public Trustee deposited \$115,695.11 into the Confiscated Assets Trust Fund during the reported financial year. These funds were realised from 21 convictions.

### Unclaimed Moneys

The Public Trustee provides administrative services in respect to specified Unclaimed Moneys in the ACT under the *Unclaimed Moneys Act 1950*, the *Legal Practitioners Act 1970* and the *Agents Act 2003*. In general, unclaimed moneys are accounts of various types that have been inactive over time, including deposits, dividends, superannuation benefits and retirement savings accounts of persons over retirement age. To assist claimants to identify and claim unclaimed moneys, an electronic register of unclaimed moneys, is available for search on the Public Trustee's website at [www.publictrustee.act.gov.au](http://www.publictrustee.act.gov.au).

At 30 June 2009, PTACT held \$9,670,090.00 in unclaimed moneys. During the year -

- 28 lodgements were received for a total of \$4,410,978.32.
- 396 claims for a total of \$487,656.47 were received and paid.

Average claims paid were -

- Unclaimed Moneys Act - \$1,134.51
- Unclaimed Moneys Act (Superannuation) - \$3,031.98

The breakup of claims paid is as follows -

- Directions by Office of Regulatory Services - 2 claims for a total of \$ 27,462.50
- Legal Practitioners Act - 7 claims for a total of \$ 4,059.50
- Unclaimed Moneys Act - 378 claims for a total of \$428,846.61
- Unclaimed Moneys Act (Superannuation) - 9 claims for a total of \$ 27,287.86

### Cemeteries and Crematoria Act 2003

The Public Trustee is appointed as trustee of the Perpetual Care Trusts under the *Cemeteries and Crematoria Act 2003*. The Perpetual Care Trusts are charitable trusts kept in respect to each cemetery and crematorium, for the maintenance of grounds, monuments and infrastructure. Each cemetery or crematorium operator is required to deposit a specified percentage of their receipts into their fund to be held in trust by the Public Trustee and invested through the Public Trustee's common funds.

At 30 June 2009, a total of \$902,131.07 in deposits was held by the Public Trustee under the Act.

#### Deposits to Perpetual Care Trusts

CEMETERY/ CREMATORIUM	DEPOSITED TO DATE (ALL) \$	NET DEPOSITS \$	2008/09 INCOME \$	GROWTH FROM INVESTMENTS TO DATE \$	BALANCE 30/06/09 \$
Hall	37,414.63	23,650.67	1,186.86	0.00(*)	27,102.88
Woden	1,094,882.27	854,197.20	38,195.04	(178,859)	817,177.93
Norwood Park	36,366.57	36,366.57	1,776.88	(9,263)	35,469.81
<b>TOTAL</b>	<b>1,168,663.47</b>	<b>914,214.44</b>	<b>41,158.78</b>	<b>(188,122)</b>	<b>879,750.62</b>

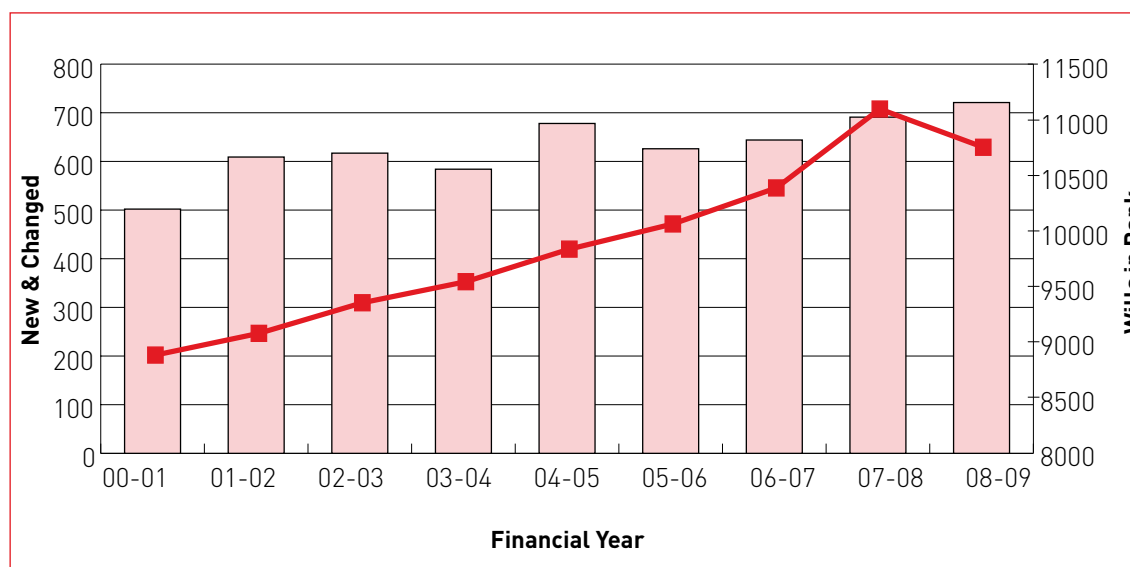
### OUR PRODUCTS AND SERVICES

#### Wills

Will-making is a core business of PTACT. We completed 721 Wills during the year compared with 691 in the previous year, with 10,755 Wills in our Wills 'Bank'.

The reduction in the number of Wills held in the Wills Bank from 11,100 in 2007-08 results from an audit of Wills held, to remove those where the Public Trustee is not appointed as executor.

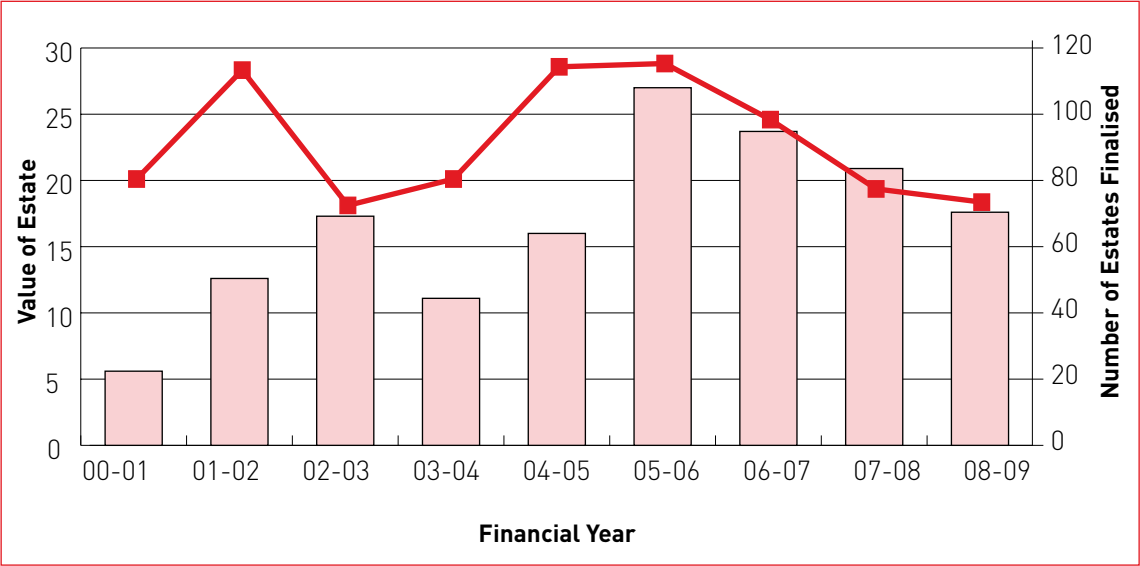
#### Wills



Estates

Estate volumes have increased in line with the general market. Ninety-nine (99) new estates were commenced during the year at an estimated committed value of \$24,915,000.00 compared to 92 at \$38,530,800.60 for the previous year. Seventy-one (71) estates were finalised during the year with an estimated committed value of \$17,594,411.87 compared to 75 at \$20,936,147.00 for the previous year. This is primarily due to the decreased value of estates involving property and shares.

Estates Finalised



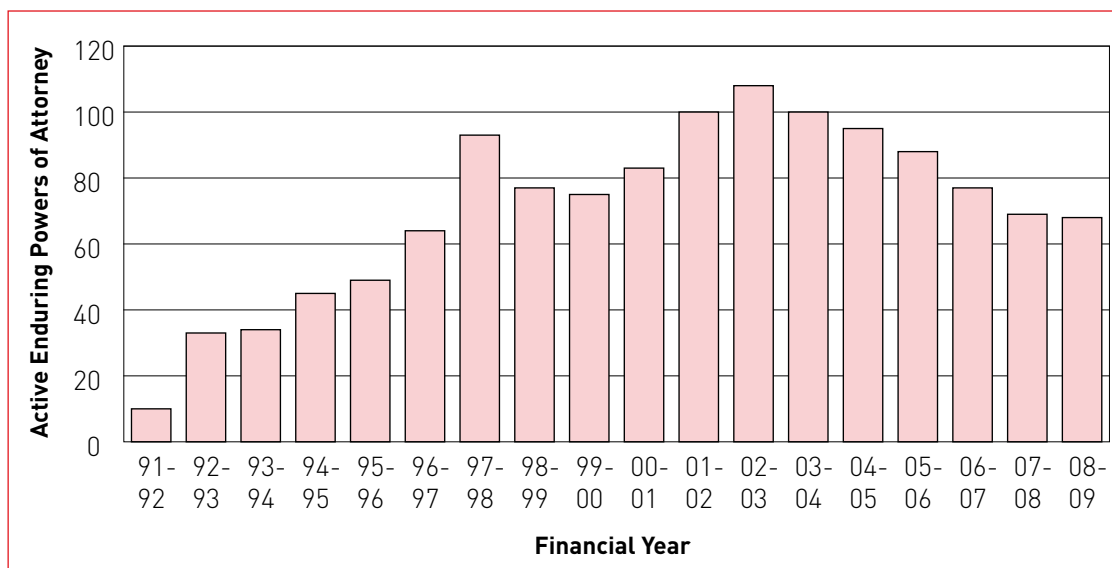
Trusts

The Public Trustee acts as trustee, manager or receiver of funds for infants, or for those unable to manage their funds. The value of trusts under administration at 30 June 2009 was \$38,469,803.00.

Powers of Attorney

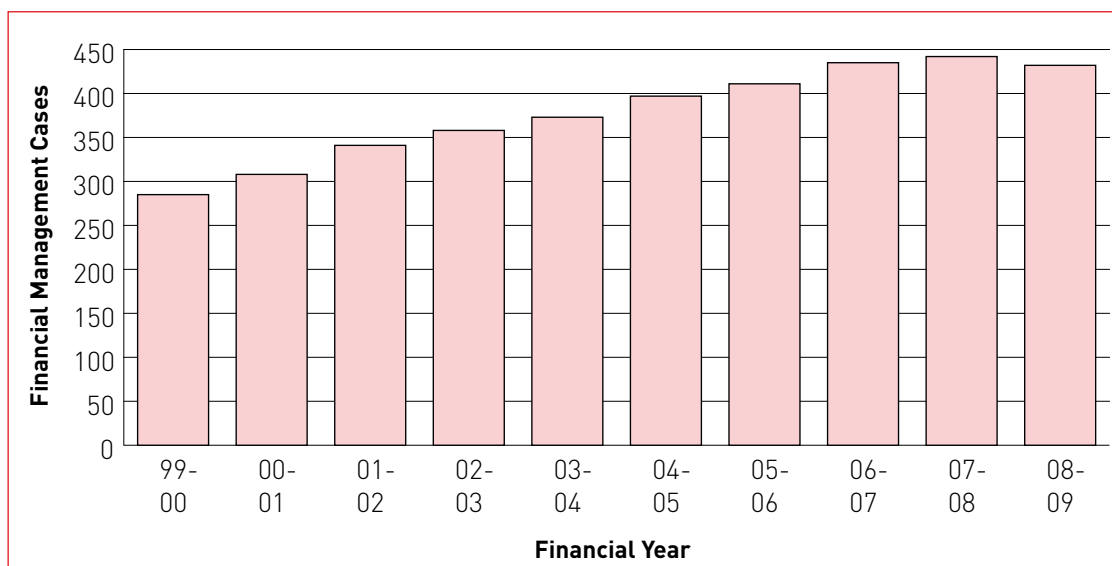
PTACT actively promotes the preparation of an EPA by all members of the ACT Community. The Public Trustee will act as attorney and assist in identifying the best solution for individual needs. The number of active EPAs under management by the Public Trustee has decreased from 77 last year to 68 this year. This is a normal and expected fluctuation. The graph below indicates the number of persons who have chosen to place their financial affairs under the control of the Public Trustee and to activate the instructions contained in the EPA.

## Active Enduring Powers of Attorney



## Financial Management

The Guardianship and Management of Property Tribunal may appoint a Financial Manager to protect the interests of adult persons in the community who have impaired decision-making ability, or lack the capacity to manage their own financial affairs. PTACT is appointed as plenary, or absolute manager, in approximately 50% of cases. At 30 June 2009, the Public Trustee was appointed as financial manager for 432 persons. PTACT has worked closely with ACAT to minimise the need for the appointment of PTACT as Financial Manager.



## Taxation Services

PTACT is a registered tax agent, has qualified taxation personnel (including CPA) on staff and provides specialist taxation services incidental to estate/trust activities. During the year, 892 income tax matters (marginally less than 915 in 2007-08) were completed and/or lodged for both individuals and trusts under administration.

## Conveyancing Services

PTACT completed 25 property settlements during 2008-09, with a total value of \$12,863,650.00. Conveyancing fees received were \$18,750.00.

## OUR KEY CHALLENGES AND PLANS

PTACT's Business Plan for 2007/08 identified the following key result areas:

- **Business Development** – to diversify and build estate and trust business opportunities to promote service sustainability and expansion. The value of the Public Trustee's business continued to grow with significant growth in the value of funds under management and development of the Capital Region Community Foundation.
- **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. Our customers and stakeholders reported 95.96% satisfaction or better with the products and services provided by the Public Trustee, a marginal increase over last year.
- **Strategic Relationships** – to develop constructive relationships with key stakeholders to enhance leverage and influence in the marketplace and the community. PTACT maintains relationships with many ACT and national businesses, agencies, charities and associations. PTACT sought to access use of a new electronic Wills package through PT NSW. During the year, PTACT joined with other Public Trustees in gaining exemption from the Commissioner for Taxation from lodging non-taxable trust returns that are otherwise required to be lodged.
- **Systems Development and Implementation** – to provide best practice systems and support infrastructure to ensure transparency and accountability for all transactions and decisions. During the year, PTACT finalised the implementation of the MYOB/AE replacement electronic tax lodgement package.
- **Staffing and Capabilities** – to attract and retain skilled and capable people who are committed to the role of the Public Trustee and superior client service. During the year PTACT attracted two senior Trust Officers with industry standard Estate Administration and Will drafting skills.

## OUR STATEMENT OF INTENT

PTACT's Statement of Intent for the year ended 30 June 2008 established PTACT's performance measure and targets for the reporting year. The following table reports performance against these measures -

- Return on Assets=(operating result b.t.+interest expense)/average total assets for period
- Return on Equity=operating result b.t. /equity
- Profit Margin =operating result b.t. /(Govt & non Govt usercharges+taxes, fees and fines)
- Current Ratio=current assets/current liabilities

- Cash Position=(cash+current investments)/total assets
- Receivables Turnover=(non-Govt user charges+taxes, fees & fines)/average non-Government receivables for period
- Debt Ratio=total liabilities/total assets
- Capital Ratio=total liabilities/equity capital
- Debt Service Coverage=cash flow from operations/interest expenditure







**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **SECTION B**

## **CONSULTATION AND SCRUTINY REPORTING**

## B.1 COMMUNITY ENGAGEMENT

The strategic objective of our community engagement is two-fold -

1. The nature of our services seeks to produce fair and just outcomes and touches and concerns every member of the community; and
2. PTACT is self funding and relies upon a strong sustainable connection with the community to achieve our vision of being the community's trustee of choice.

### COMMUNITY ENGAGEMENT ACTIVITIES

During the year, our activities did not involve formal consultation with the community. Our everyday activities involve us with all members of the community. Our engagement with the community during 2008-09 has involved the following activities -

FORM OF COMMUNITY ENGAGEMENT	OUTCOME
Seniors Week/International Women's Day Seminar - March 2009	Educating community about estate planning - free Will for women attending
Life's Reflection sponsorship	Engage with Seniors, celebrates life over 50 and demonstrate their value to the community
Distribution of \$300K to local charity through GreaterGood	Development of social capital and social outcomes unable to be met by government or by individual community members.
Visits to 20 ACT Government Workplaces to demonstrate the value of Workplace Giving	Workplace Giving Fund established in JACS and 2 more under consideration by ACT Govt Departments.
Participated in inaugural Law Week Market - Canberra Centre - May 2009	Joined with other ACT law providers in showcasing our services and informing the community about sources of legal assistance.
Addressed community groups on 11 occasions	Educating diverse community groups about the need to have an up to date Will and Enduring Power of Attorney
Conducted home visits to clients	Interviewed clients and prepared Wills and EPA's from the comfort of home where mobility is an issue - attended home visits for 12 Will, 10 EPA and 40 financial management/trust clients.
Contributed to "SupportLink - Pathways for Elder Abuse Intervention" program	Established an agreed pathway for intervention in matters of reported abuse or mistreatment of older persons within the ACT - provide proactive assistance to people where possible and to work in collaboration with other services in order to achieve common goals.
Participated in joint govt/industry estate planning forum	Exchange ideas, expertise and information about complex estate administration/trust issues.
Convened meetings of Nursing Home administrators	Awareness of services provided by PTACT and how they can better meet their obligations to their clients
Close liaison with Public Advocate and President ACAT	More streamlined processes for the appointment of PTACT as Financial Manager of last resort and more appropriate emergency appointments.



Nena Hicks addresses Burley Griffin Rotary Club on Wills and Estate Planning  
- OCT 2008



Trust Officers Renee Skilling and Heather Cox at the Law Week Market  
- MAY 2009

## OUR CUSTOMERS REPORTED

PTACT continuously surveys its clients against a range of criteria on a reply-paid post basis. The survey is also provided in electronic form for clients visiting the website.

Some 300 clients were surveyed during the reported year with 254 responses received.

Clients are surveyed about a range of issues including -

- Ease of contact/access
- Efficiency
- Friendliness
- Whether they understood the advice provided
- Which business unit the customer dealt with
- Whether they would recommend PTACT to others.

The survey indicated that 95.96% of clients felt that the Public Trustee met or exceeded their expectations, an increase on 93.94% reported for the same period last year.

Of the 254 responses received, 251 customers said that they would recommend the Public Trustee to others.

## OUR REPRESENTATION ON EXTERNAL FORUMS

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

State/Territory Public Trustees forum	PTACT maintains a close relationship with other state/territory Public Trustees through bi-annual meetings*.
Australian Guardianship and Administration Council (AGAC)	PTACT is a member of AGAC. AGAC is a national forum of agencies whose role is to protect adults who have a disability that impairs their capacity to make decisions and manage their affairs. Agencies include Public Trustees, Public Advocates, Public/Adult Guardians, Protective Commissioners as well as Boards and Tribunals. AGAC meets bi-annually*.
Trustee Corporations of Australia Inc (TCA)	The TCA is the peak representative body for the trustee corporations industry in Australia and meets bi-annually*.
Financial Planners' Association ACT Chapter	The Public Trustee is a member of the Financial Planners' Association and regularly participates in, and makes presentations to, ACT Chapter meetings
Financial Services Institute of Australasia	PTACT is a member of the Financial Services Institute of Australasia. A number of PTACT funds management staff have gained qualifications in financial planning and management through the Institute.
Joint ACT industry/government forum on estate planning	The Public Trustee is represented on this very important joint industry/government forum on estate planning.

\* meetings are arranged to coincide where permissible.

## PUBLICITY/MARKETING

Under an established Statement of Intent with the ACT Treasurer, PTACT's funding model is commercially based with minimal funding provided by government.

Effective marketing is vital to PTACT's ongoing viability. Additionally, given the level of community uncertainty about the role of a Public Trustee and the government's expectations about the Public Trustee's market niche, marketing activities are balanced so as to be successful in promoting product or service that the community not only desires, but is willing to access. PTACT's marketing activities are as follows –

- the quality of our work is the most effective marketing tool – increases client referral;
- maximise experiences with existing clients through a continuous survey;
- investment in the PTACT branding/logo;
- monthly advertising through Canberra Times "Start Living", Capital Magazine and other publications;
- Seniors Week and International Womens Day seminar;
- advertising in the ACT Seniors Card Directory;
- sponsor worthwhile community activities; and
- addresses to community groups.

The Capital Region Community Foundation



## CAPITAL REGION COMMUNITY FOUNDATION

### ANNUAL REPORT 2008/09

2008-09 has been a year of achievement, review and change for GreaterGood.

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

At 30 June 2009, the foundation had \$5,191,888.55 in accumulated capital and the Board is privileged to recommend to the Trustee income distributions in excess of \$300,000.00 to charity this year. This brings distributions by GreaterGood to charity to approx. \$750,000.00 since its establishment in 2003.

GreaterGood has been affected by the Global Financial Crisis and capital values reflect this. Our Trustee reports however, that investments are appropriately diversified and well-placed to take full advantage of the market recovery as this occurs. In the interim, income returns are sound to provide for the immediate benefit of charities.

I acknowledge the excellent work undertaken throughout the year by re-appointed and continuing members of the Board and welcome the appointment of Grant Alleyn to the Board. Grant is the Principal and Managing Director of King Financial Services. The Board appointed by the Trustee for 2008/09 is as follows -

Margaret Reid AO(Chair)  
Diane Kargas (Deputy Chair)  
Grant Alleyn  
Catherine Andrews  
Paul Braybrooks  
Bea Brickhill  
Michael Byrne  
Jennie Cameron

Diana Forrester  
Richard Gibson  
Doug Gillespie (Trustee's Rep)  
Chic Henry  
Larry King  
Sarah Palic  
Chris Peters AM

I acknowledge the contribution made by retiring board members Brian Acworth AM, John Hanna, Bruno Yvanovich, Jono Forrest and Linda Tregonning. I express my thanks to Pat Dart OAM for her continuing administrative support provided to the Board.

The re-structure of the governance arrangements for GreaterGood resulted from the Trustee's review of the deeds for both the Gift Fund and Open as lodged with the Australian Taxation Office.

This review found that most of the former Management Committee functions, expressed in the Deeds, were functions of the Trustee. By agreement with the Board, the Committee was wound up and some members appointed to an enlarged Board of 15. Directors' packs were prepared by the Trustee and circulated to all Board members.

I acknowledge the significant work of the former Management Committee in undertaking the very important work of establishing the Foundation and undertaking key projects to get GreaterGood to where it is today.

The Capital Region Community Foundation

PO Box 221 - CIVIC SQUARE ACT 2608

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



The Board recognised the need to implement a more formal and permanent arrangement for the function of Executive Officer. The function has been undertaken in the past by Diane Kargas on an honorary basis and, has now been assumed by Vashti Biffanti, following the establishment of a permanent part-time position on the Trustee's staff. I acknowledge the outstanding work undertaken by Diane in that role.

During the year, a review of the GreaterGood website was undertaken and will be completed during 2009-10.

GreaterGood was honoured to host the 9<sup>th</sup> Annual Community Foundation Forum in the National Capital. This forum enables community foundations to come together to share experiences and to learn from one another. It was supported by Philanthropy Australia, sponsored by the Foundation for Rural and Regional Renewal and organised for GreaterGood by Diane Kargas and Pat Dart. The Forum was held from 18-19 September 2008 and was attended by delegates representing community foundations from across Australia.

Keynote speakers included Lady Helen Deane, Senator Ursula Stephens (Parliamentary Secretary for Social Inclusion and the Voluntary Sector), Diane Kargas (GreaterGood), Rt Hon Ian Sinclair AC (Chairman FRRR), Andrew Lawson (C F Dev Officer, Philanthropy Australia & Exec Officer, Geelong Foundation), David Bussau AM (Maranatha Trust & 2008 Senior Australian of the Year) and Catherine Brown (Director, Catherine Brown & Assoc).

On Christmas Day 2008, GreaterGood teamed with the Snow Foundation in supporting the St John's Care, Canberra Community Christmas Lunch for 400 homeless, unemployed, disadvantaged or lonely people. Some long time GreaterGood donors including Koula Notaras, John Brook and Haddon Spurgeon attended the launch.

GreaterGood funded two young Canberrans, chosen through an association with ACT Scouts, to join a voyage of the Young Endeavour.

Our partnership with Outward Bound Australia continued with the valued support of a number of donors. This year, 9 young people from Braidwood, Queanbeyan, Tumut, Milton and Boorowa committed to the 12 day December 'Navigator' Course that aims to challenge, discover, develop and achieve their potential.

The Executive Director, Office of Regulatory Services, JACS, raised concerns about the possible regulation of GreaterGood by the *Charitable Collections Act 2003*. To clarify the matter, a new regulation has been made under the *Charitable Collections Regulation 2009* to exempt charitable trust funds administered by trustee corporations (including the Public Trustee) from the operation of the Act.

The Trustee and the ACT Government Solicitor have resolved an intellectual property infringement by a Western Australian organisation involving the misuse of the Foundation's logo.

In 2008, Public Relations Institute of Australia (PRIA) students undertook a study resulting in the preparation and submission of a Communication Plan, proposing ways and means that GreaterGood could engage with the community. I acknowledge this excellent piece of work by the students, which included many helpful recommendations.

A number of new funds were established under GreaterGood including -

- JACS4GreaterGood Workplace Giving Fund
- Basil Vincent Memorial Fund
- Our Wellness Foundation

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

Make A Wish Foundation  
House with No Steps  
Children's Cancer Institute of Australia  
Oxfam Australia  
Care Australia  
Mission Australia

Society of St Vincent de Paul Pty Limited  
Australian Committee for UNICEF  
Australian Kidney Foundation  
Schizophrenia Australia Foundation  
Medecins Sans Frontieres Australia  
Anglicare Australia

The Capital Region Community Foundation

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AUSTCARE  
The Salvation Army (NSW) Property Trust  
The Fred Hollows Foundation  
Christian Children's Fund of Australia  
Australian Red Cross Society  
World Vision of Australia  
Christian Blind Mission International Aust  
Disabled Wintersport Australia  
Youth off the Streets  
Tandem Respite Care  
Jewish Educational Building Fund  
RSPCA

Leprosy Mission Australia  
Vision Australia  
The Spastic Centre NSW  
Tear Australia Incorporated  
Australian Wildlife Conservancy  
Outward Bound Australia  
Epilepsy Association ACT and Research Victoria  
Victorian Bushfire Appeal  
Young Endeavour  
Deaf and Blind Children  
Guide Dogs Association

In September 2008, the then Chief Executive of Dept Justice and Community Safety, Renee Leon, launched a significant new fund "JACS4GreaterGood". JACS4GreaterGood is the first implementation of GreaterGood's new strategic priority, Workplace Giving. The fund was a spearhead and proof of concept for the establishment of similar schemes within government and the private sector. At the time of this report, two other ACT Government departments were actively considering Workplace Giving schemes under GreaterGood. An explanatory brochure/poster has been prepared to assist in promotional activities.

The Francis Carroll Scholarship Fund's third round of scholarships was held on 30 June 2009 with the 2009 scholarship being awarded to Laura Campbell. This important scholarship is awarded to a first year student normally resident in a rural or regional area within the Archdiocese of Canberra/Goulburn or the Diocese of Wagga Wagga, who shows commitment to the ethos of the Australian Catholic University.

GreaterGood is pleased to have formed an association with ACT Health and welcomes Our Wellness Foundation to GreaterGood. Our Wellness Foundation seeks to improve health and well being in the ACT and region.

The late Basil Vincent, who died on 31 January 2008, established the Basil Vincent Memorial Fund under his Will. The fund will perpetually benefit two worthy causes: the Royal Blind Institute for Deaf and Blind Children and the Wheelchair and Disabled Association of Australia.

I also acknowledge late John Prance who established the Prance Family Fund to commemorate his family. The first distributions were made in 2009 to his preferred charities - RSPCA, Jewish Educational Building Fund, Guide Dogs Association and Make a Wish Foundation.

Our focus for the coming year will be to continue to raise awareness of, and commitment to, charity under the GreaterGood umbrella throughout the region. A priority will be to promote GreaterGood's latest initiative, workplace giving.

I wish to thank the Board for their capable and generous support in the past year.



Margaret Reid AO  
Chairperson

Date *September 13th 2009*

The Capital Region Community Foundation

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Sue Jordan (St John's), Georgina Byron (Snow Foundation) and Hon. Margaret Reid AO (GreaterGood) launch the St John's Community Christmas Lunch  
- DEC 2008



Lake Ginninderra Scouts Natalie and Michael Lymbery receive their 2009 'Young Endeavour' Scholarships from Hon. Margaret Reid AO  
- DEC 2008



Doug Gillespie (Senior Deputy Public Trustee); Margaret Reid (Chair, Greatergood); Vashti Biffanti (Exec Offcr, Greatergood); Andrew Taylor (Public Trustee)  
- Spastic Centre Charitable Distribution  
- JUN 2009



Renée Leon Chief Exec, Justice and Community Safety, signing up for Workplace Giving JACS4GreaterGood with Public Trustee Andrew Taylor  
- FEB 2009

## B.2 INTERNAL AND EXTERNAL SCRUTINY

### ACT AUDITOR-GENERAL

The Auditor-General undertakes an annual audit of the Public Trustee's corporate and trust financial reports, in accordance with Australian Auditing Standards. PTACT is also audited as part of the ACT Department of Justice and Community Safety's Internal Audit program. The Auditor-General provided unqualified Audit Reports for all four Public Trustee accounts.

### ACT OMBUDSMAN

During the 2008-09 financial year, the ACT Ombudsman received a total of 10 approaches concerning the Public Trustee, all of which were closed during the year. Only one approach was investigated. The Ombudsman did not make any finding of administrative deficiency on the part of the Public Trustee.

### FEDERAL PRIVACY COMMISSIONER

The Federal Privacy Commissioner conducted a Privacy Audit of PTACT in November 2008 and reported in May 2009.

The purpose of the audit was to ascertain PTACT's compliance with the Information Privacy Principles (IPPs) contained in section 14 of the *Privacy Act 1988* (Clth).

The audit found that PTACT generally manages the personal information contained in the records audited in accordance with the IPPs in the Act. Consequently, the opinion of the audit team was that PTACT was **generally compliant** in meeting its obligations under the Act.

The Commissioner made a number of recommendations as set out in the following table -

NAME OF AGENCY	REPORT TITLE	RECOMMENDATIONS/ OUTCOME OF INQUIRY	RESPONSE TO INQUIRY
Public Trustee for the ACT	Information Privacy Principles Audit	→ That PTACT strengthen its IPP 2 notices provided when it is collecting information from its clients in order to ensure that if information is collected for multiple purposes, that the individual is aware of those specific purposes and any bodies to which it is PTACT's usual practice to disclose the information to.	Agreed - Privacy Commitment statement published.
		→ That PTACT consider referencing the Act in its Code of Conduct for Service Providers to ensure that service providers are made aware of their obligations under the Act.	PTACT has amended its Code of Conduct for Service Providers to its clients to include a reference to the Act.

NAME OF AGENCY	REPORT TITLE	RECOMMENDATIONS/ OUTCOME OF INQUIRY	RESPONSE TO INQUIRY
		→ That PTACT considers ensuring that all records containing personal information (including personnel information) are securely stored including when they are stored prior to being transported to an off-site secure storage facility.	PTACT has built a lockable storage facility specifically for the storage of material prior to transport to archive.
		→ That PTACT develops a guideline to assist staff identify security requirements and processes staff should follow when personal information needs to be physically transferred between the office, the storage facility and house visits.	PTACT has amended its Privacy Policy to establish standards for transporting material containing personal information.
		→ That PTACT reviews its business activities to identify relevant, higher-risk transactions where a consistent ID verification process may need to be developed to provide guidance to staff discussing personal information with individuals over the telephone.	Accepted.
		→ That PTACT reviews its PID and ensures that it accurately reflects the personal information held by PTACT including the nature and purposes of keeping the record, the classes of individuals about whom records are kept, retention periods and access conditions to the records, and steps that should be taken by persons wishing to access the record.	PID amended accordingly.
		→ That PTACT provides regular and on-going privacy training for all staff around meeting their obligations in the handling of personal information under the IPPs.	PTACT will identify sources of privacy training and seek to provide annual privacy training to all staff in the IPPs in accordance with its Privacy Policy.

## B.3 LEGISLATIVE ASSEMBLY COMMITTEE INQUIRIES AND REPORTS

### STANDING COMMITTEE ON JUSTICE AND COMMUNITY SAFETY

The Standing Committee on Justice and Community Safety "Inquiry into 2007-08 Annual Reports" considered the Public Trustee's Annual Report on 19 February 2009. No recommendations were made by the Committee.

### SELECT COMMITTEE ON ESTIMATES

The Public Trustee appeared before the Select Committee on Estimates 2008-09 on 20 May 2008. The committee sought responses to Questions on Notice in respect to the following issues –

- any endowment funding that may have been funded by PTACT to tertiary/research institutions;
- PTACT's comparative FTE staffing by classification as at 30 June in each of the years 2005, 2006, 2007 and 2008 and reasons for annual increases;
- travel and marketing undertaken by PTACT staff;
- number of credit cards issued and credit limits;
- number of vehicles owned or leased by PTACT and the purpose/use of these vehicles;
- estimated staff numbers for 2009/10 and reasons for any change;
- staff numbers and budget percentages associated with service delivery and administration;
- considerations for savings and efficiency measures in future budgets;
- detailed analysis in respect to policy, staff, objectives, budget and start dates of each service program to be delivered during 2009-10;
- 2009-10 Priorities in respect to the GreaterGood Foundation in terms of capital, fund growth, regional grants; anticipated grants and progress of workplace-giving;
- value of Trusts and Estates, including Criminal Assets and Unclaimed Moneys under management by PTACT;
- application of income from moneys held in criminal assets and unclaimed moneys; and
- impacts of the Global Financial Crisis and any actions undertaken by PTACT to mitigate any effects.

## B.4 LEGISLATION REPORT

### LEGISLATION

The Public Trustee has responsibilities under the following laws -

- *Administration and Probate Act 1929*;
- *Cemeteries and Crematoria Act 2003*;
- *Confiscation of Criminal Assets Act 2003*;
- *Financial Management Act 1996*;
- *Guardianship and Management of Property Act 1992*;
- *Powers of Attorney Act 2006*;
- *Public Trustee Act 1985*;
- *Trustee Act 1925*;
- *Unclaimed Moneys Act 1950*; and
- *Wills Act 1968*.

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

During the year amendments were made to the following legislation affecting PTACT -

### LEGISLATION ENACTED/AMENDED

#### ***Charitable Collections Regulation 2009***

PTACT recommended a new Regulation to exempt charitable trust funds administered by trustee corporations (including the Public Trustee) from the operation of the *Charitable Collections Act 2003*.

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

PTACT recommended an amendment to the *Cemeteries and Crematoria Act 2003* to include a windup clause in respect to perpetual care trusts. The amendment commenced on 26 August 2008.





**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **SECTION C**

## **LEGISLATIVE AND POLICY BASED REPORTING**



## C.1 RISK MANAGEMENT AND INTERNAL AUDIT

Given the nature and size of PTACT it is counterproductive to service separate governance committees. Essentially the Public Trustee's Management Committee comprises the same membership as the former Resource Management, Investment Advisory, Audit and Risk Management Committees and assumes those responsibilities.

NAME OF MEMBER	POSITION	DURATION	MEETINGS ATTENDED/YEAR
Andrew Taylor	Public Trustee	5 years	6
Doug Gillespie	Senior Deputy Public Trustee	19 years	6
Sue La Peyre	Deputy Public Trustee Manager Estates/Trusts	16 years	6
Joanne Thompson	Deputy Public Trustee Manager Finance	4 years	6
Toni Leiper	Deputy Public Trustee Manager Personal Management Services	4 years	6

PTACT's risk management framework is established by a Fraud, Risk and Corruption Management Strategy covering all investment, financial, operational and administrative responsibilities. It documents business processes undertaken by the Public Trustee, identifies key risks associated with these processes and measures undertaken to control these risks. The Strategy is reviewed biennially in consultation with the Public Trustee Investment Board. The next scheduled review will take place in 2009-10.

Under the Strategy, a number of important risk management initiatives have been implemented –

- A building/accommodation strategy providing for accommodation to suit the next five to ten years.
- A staff succession plan involving a structural review, internal staff rotation, an industry standard training program and external recruitment of specialist staff.
- A review of the capital commission scale of fees for estate administration.
- Completion of a major upgrade of the main hardware and software aspects of the Public Trustee's IT infrastructure.
- Recruitment of highly skilled legal and tax accounting personnel to ensure that the Public Trustee is appropriately equipped to respond to the increasing complexity of business.
- Strategic analysis of Public Trustee future risks.
- A Service Provider and Staff Code of Conduct.

The Public Trustee's significant insurance risk is covered through policies with AON Insurance as well as through ACT Insurance Authority. The adequacy of these policies is reviewed annually by PTACT's Management Committee.

### **WE HAVE DEVISED RISK PROFILE MODELS TO SUIT CLIENT NEEDS**

Our investment of client moneys is designed to make a return and is subject to risk. PTACT complies with the 'prudent person investment principle' contained in the *Trustee Act 1925*, to ensure that investments are made in accordance with an appropriate risk profile and reviewed on an annual basis.

Major risk investment categories applied are Growth, Balanced, Income Stable and Capital Secure. These are invested through sector common funds in tactical asset allocations, which have been set in consultation with an external assets/markets consultant. PTACT's investment arrangements were reviewed during the reported year in consultation with the Public Trustee Investment Board and an external asset consultant. As part of this review, an International Equities Fund was established to further diversify investment options and to further minimise client investment risk.

## C.2 FRAUD PREVENTION

### OUR ASSESSMENT OF RISK

Our Fraud, Risk and Corruption Management Strategy establishes appropriate controls and checks, as safeguards to address potential fraud and to ensure a high level of security for our clients' assets. Our trust accounting system (TACT) has been designed specifically for use by the Trustee Industry and meets standards for client confidentiality and security control.

Under the Strategy, a number of important fraud/corruption prevention initiatives have been implemented –

- A gifts and inducements policy incorporating a gifts register.
- A Code of Conduct completed by service providers to the Public Trustee.
- Visitor control register and tags at reception.
- Restricted staff access to client valuables.
- Police checks on all new staff recruited.

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

### OUR CODE OF CONDUCT

PTACT undertakes its responsibilities in an open, accountable and transparent manner.

Our Code of Conduct for Service Providers requires suppliers of services to our clients to undertake that any business on behalf of the Public Trustee will be conducted, respecting that code. The code reflects the special and trusted nature of the Public Trustee's role in the community, and the expectations that our clients have of us and of our service providers. Our aim is to ensure that our service providers act at all times in a manner that reflects and honours those expectations. The Code was reviewed during the year in response to an observation of the Privacy Commissioner.

Similarly, our Staff Code of Conduct establishes expected standards of staff behaviour. The successful development of ethical work practices in PTACT arises both from management demonstrating ethical leadership, and from all staff taking responsibility for the pursuit of an ethical, efficient and effective work environment.

No reports or allegations of fraud were made in respect to PTACT during the year.

## C.3 PUBLIC INTEREST DISCLOSURE

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

The Department of Justice and Community Safety's Public Interest Disclosure Guidelines 2003 provide assistance to people who wish to disclose matters under the Act. Persons interested in making a disclosure may 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 will be forwarded to one of the above.

No public interest disclosures were made during 2008-09.

## C.4 FREEDOM OF INFORMATION

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

#### ESTABLISHMENT

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

#### FUNCTIONS

PTACT's principal functions are to -

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

#### ARRANGEMENTS FOR EXTERNAL PARTICIPATION

The Public Trustee Investment Board provides direction on investment practice and funds management.

## CATEGORIES OF DOCUMENTS

The categories of documents held include -

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

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

## FACILITIES FOR ACCESS

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

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

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

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

(\* These files and documents are confidential and are available only to authorised persons).

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

One request was received for access to documents held by the Public Trustee under the *Freedom of Information Act 1996*. With the ultimate agreement of the applicant, access to a number of the documents was withheld and no charge was made for supply of the documents allowed.

A Freedom of Information Statement is contained in the Department of Justice and Community Safety's Annual Report for 2008-09.

## C.5 INTERNAL ACCOUNTABILITY

### OUR SENIOR EXECUTIVE TEAM

#### ANDREW TAYLOR

##### Public Trustee/Chief Executive



Andrew Taylor was appointed to the statutory office of Public Trustee for a 5-year term on 30 September 2005, and undertakes the role of Chief Executive under the *Financial Management Act 1996*. The Public Trustee has specific responsibilities as Trustee established by legislation and is responsible to the Chief Executive, JACS through the Deputy Chief Executive, Statutory Support.

Mr Taylor is Senior Member of the Public Trustee Investment Board, member of the Executive of the National Council of the Trustee Corporations of Australia, member of the Australian Guardianship and Administration Council and past member of the ACT Ministerial Advisory Council on Ageing. He is trustee for the GreaterGood (Capital Region Community Foundation) and for Our Wellness Foundation.

The Public Trustee's responsibilities relative to PTACT's organisational/output structure are to -

- Lead and improve service delivery in Trustee administration.
- Effective allocation of budget, planning and resources.
- Deliver best practice trustee policies, practices and procedures.
- Ensure case management strategies meet the needs of clients and stakeholders.
- Minimise operational costs while maintaining a high level of client service.
- Ensure a high performance culture.

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

#### DOUG GILLESPIE

##### Senior Deputy Public Trustee



Doug Gillespie has over 42 years experience in the Trustee industry, including 19 years with PTACT. His position has a strong technical focus with a major emphasis on overseeing financial planning activities and professional investment services. He is also responsible for the provision of sound financial and investment advice to clients and the preparation of plans for each trust.

Mr Gillespie is an Associate of the Executor and Trustee Institute of Australia, a member of the Financial Planning Association (ACT Chapter) and is a Senior Associate of the Financial Services Institute of Australasia. He is the Public

Trustee's representative on the board of the Capital Region Community Foundation as well as a trustee for the AFL Canberra Foundation.

**SUE LA PEYRE**  
**Manager – Trusts**



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

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

**JOANNE THOMPSON**  
**Manager – Finance**



Joanne Thompson was appointed as Manager-Finance in 2006 and has 19 years experience with the Public Trustee. Ms Thompson manages all Public Trustee accounting functions including office management, government trust accounts, taxation and has responsibility for financial reporting. She is also responsible for ensuring maximum return on cash investments.

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

**TONI LEIPER**  
**Manager – Personal Management Services**



Toni Leiper was appointed as Manager – Personal Management Services in 2006, and is responsible for overseeing and running the Unit. She has extensive experience in Public Trustee administration has overall responsibility for the financial and property affairs of represented clients. These include approximately 432 clients subject to financial management orders, and 68 who have appointed the Public Trustee as their attorney, as well as assets to the value of \$43,504,126.00.

## PUBLIC TRUSTEE INVESTMENT BOARD

The Public Trustee Investment Board is established under the *Public Trustee Act 1925* and advises the Public Trustee. The Board is not a governance board and does not provide advice to the Minister. A full report on the Public Trustee Investment Board is separately provided in this section of the Annual Report.

## PUBLIC TRUSTEE MANAGEMENT COMMITTEE

Supporting the Public Trustee's role as agency head, the Public Trustee's Management Committee focuses on –

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

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

## BUSINESS PLANNING

PTACT reports against its Business Plan during the year through Status Reports to ACT Treasury as well as through quarterly meetings with the Deputy Chief Executive Statutory Support, JACS.

## INDEPENDENT ADVICE

During the year PTACT completed the implementation of an independent review of investment arrangements undertaken by Russell Investment.

An external financial markets specialist provides appropriate independent advice in respect to fund and fund manager performance, investments, asset allocation and risk profiles.

Further investment advice was sourced during the year from fund managers including –

- Tasman Asset Management Limited (trading as Tyndall); and
- Suncorp Metway

## OUR LEGAL ADVISORS

In addition to our in-house practicing solicitors, the Public Trustee takes advice from the Government Solicitor of the ACT and, in matters concerning our clients' personal matters, through the private sector.

## DELEGATIONS

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





## PUBLIC TRUSTEE INVESTMENT BOARD PUBLIC TRUSTEE FOR THE ACT

### ANNUAL REPORT 2008/09

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

Under the Act, the Board must consist of the Public Trustee as Senior Member, and at least two other members appointed by the Minister for a term not longer than three years. Members are not remunerated.

#### FUNCTION

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

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

#### MEMBERSHIP

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

The term of Board members expired in March 2009. The current Board was appointed for a further term, however to obviate the potential for all positions to be vacated simultaneously, appointments were made on a staggered basis.

The Investment board was appointed by the Attorney General as follows –

- |                   |                           |
|-------------------|---------------------------|
| • Len Early       | - 1 year to 3 March 2010  |
| • Glenys Roper    | - 2 years to 3 March 2011 |
| • Christine Goode | - 3 years to 3 March 2012 |
| • Roger Broughton | - 3 years to 3 March 2012 |

**Mr Len Early PSM** brings to the Board, high-level expertise in fund management, risk management and corporate governance. Mr Early is the principal of Len Early Pty Ltd, providing advice on public sector policy and financial management, with a particular focus on public sector governance, public sector financial reform, budget reform, public sector superannuation and policy evaluation, since 1999. From 1995 – 1999, Mr Early was Deputy Secretary, Department of Finance and Administration (Clth). Mr Early holds a number of other current Board appointments.

**Ms Glenys Roper** is Director of Roex Management, providing business and management advice. From 1997 – 2000, Ms Roper was Chief Executive for the Office of Government Online, responsible for federal government strategy for electronic service delivery and 'back end' processing. Ms Roper is a member of several other Boards.

**Ms Christine Goode PSM** has had 34 years experience with the Australian Public Service. Mrs Goode has extensive experience in transport, communications and executive management, working at Deputy Secretary and Chief Executive Officer levels. Since retiring in 2002 Ms Goode has held Board appointments with Airservices Australia, State Super Financial Services Ltd;

and National Foundation for Australian Women Ltd. She also chaired Comcare's Audit Committee for 3 years. Ms Goode is also a consultant on risk management and leadership. She holds a BA Hons in English and a MA in Politics and Administration.

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

The Board takes advice on market and fund manager performance through quarterly investment reports from an external financial markets/asset management consultant, Robert Johnson & Associates.

The board has overseen a quality performance of the Public Trustee's Common Funds during what has otherwise been a bleak investment year. While capital values have been affected by the volatility in the market, income returns have been sound.

#### MEETING ATTENDANCE TABLE

Board Member	Meeting			
	20.08.08	11.11.08	24.02.09	27.05.09
Andrew Taylor (Sen Member)	√	√	√	√
Len Early	√	√	√	√
Glenys Roper	√	√	√	√
Christine Goode	√	√	√	√
Roger Broughton	√	√	√	√

#### OUTCOMES

During the year the following matters came before the Board for consideration-

- ∴ Public Trustee's Australian Equities Fund Manager - whether active management continues to serve the clients' best interests.
- ∴ Re-assessment of risk profile of trusts on approaching maturity.
- ∴ Guarantee and Reserve Account - Analysis/review of purpose, adequacy and calls that might be made.
- ∴ Interest Reserve Account - Analysis/review of level of account.
- ∴ Asset/Markets Consultant services - review of consultant's report style and content.
- ∴ Commonwealth's Bank Guarantee - analysis of value of to PTACT.

I thank members of the Board together with my Senior Deputy Public Trustee - Doug Gillespie, Deputy Public Trustee and Finance Manager - Joanne Thompson as well as Robert Johnson & Associates for their valuable advice and contribution to the office during 2008/09.



Andrew Taylor  
**SENIOR MEMBER/  
PUBLIC TRUSTEE**  
1 August 2009

## C.6 HUMAN RESOURCE PERFORMANCE

PTACT's Human Resource performance accords with the following themes derived from the seven strategic themes of the Canberra Plan –

→ **Delivering for the Future**

Our strong commitment to learning ensures that PTACT is equipped to deliver for the future. Our business is geared towards dealing with peoples futures including Wills, EPA, Trust and Estate and Financial Management services and the nature of Canberra's ageing population suggests a strong future demand for our unique suite of products and services

→ **Strengthening Organisational Resilience**

PTACT is largely self-funding and our efforts to build long-term income stability for the organisation has resulted in a significant increase in the quantum of funds under management from \$169M to \$201M in the reporting year. This includes increases in government moneys, client moneys as well as Capital Region Community Foundation Fund increases. Increases in these long-term investment funds, as well as our assembly of internal expertise, will provide a level of organisational and budget resilience.

→ **Sustaining Community Confidence**

Despite the fact that much of our work is undertaken with clients in difficult circumstances involving disability and family death, our clients continuously report a high level of satisfaction with our services. Our vision is to promote PTACT as the trustee of choice.

→ **Working Collaboratively**

PTACT works collaboratively with government agencies, the legal profession, industry peak bodies and peer trustee organisations.

→ **Enhancing Skills and Capabilities**

During the reported year PTACT increased its total staff to 34, including acquisition of two further Senior Trust Officers with industry qualifications and experience in Estates Administration and Will drafting. PTACT has a strong learning culture and a policy of staff rotation to ensure that our staff is broadly experienced in Trustee matters and to address succession issues.

## C.7 STAFFING PROFILE

### OUR STAFFING PROFILE



Andrew Taylor & Toni Leiper receiving certificates recognising 20 years ACT Government Service

#### FTE and headcount

	MALE	FEMALE
FTE by Gender	13	21.63
Headcount by Gender	13	22
% of Workforce	37.1%	62.9%

#### Employment Type

PERMANENT	TEMPORARY	CASUAL
32	3	Nil

#### Classifications

PERMANENT	FEMALE	MALE	TOTAL
Administrative Officers	19	11	30
Executive Officers		1	1
Legal Officers	1		1
Senior Officers	2	1	3
TOTAL	3	1	4

### Employment Category by Gender

EMPLOYMENT CATEGORY	FEMALE	MALE	TOTAL
Casual	Nil	Nil	Nil
Permanent Full-time	18	12	30
Permanent Part-time	2	Nil	2
Temporary Full-time	2	1	3
Temporary Part-time	Nil	Nil	Nil
TOTAL	22	13	35

### Average Length of Service by Gender

AVERAGE LENGTH OF SERVICE	MALE	FEMALE	TOTAL
0-2	5	7	12
2-4	2	3	5
4-6	2	4	6
6-8	1	3	4
8-10	1	Nil	1
10-12	Nil	1	1
12-14	Nil	Nil	Nil
14+ years	2	4	4

### Total Average Length of Service by Gender

GENDER	AVE LENGTH OF SERVICE
Female	6.88
Male	6.85
Total	6.87

**Age Profile**

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

**Agency Profile**

BRANCH/DIVISION	FTE	HEADCOUNT
Public Trustee for the ACT	34.63	35
Total	34.63	35

**Agency Profile by Employment Type**

BRANCH/DIVISION	PERM	TEMP	CASUAL
	32	3	Nil
Total	31	3	Nil

**Equity & Workplace Diversity**

INDIG STATUS	INDIG%	ESL	ESL%	STAFF WITH DISAB	DISAB %	F'MALE	F'MALE %	TOTAL PAID
Nil	Nil	1	2.9%	Nil	Nil	21	62%	34



## EMPLOYMENT ARRANGEMENTS

Our people are engaged under the *Public Sector Management Act 1994*, as varied by the Department of Justice and Community Safety Certified Agreement 2007/2010.

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

## C.8 LEARNING AND DEVELOPMENT

### TRAINING



PTACT staff with University of Western Sydney Awards

A major and ongoing priority of the Public Trustee is to attract, develop and retain appropriately skilled persons. Work has re-commenced on the Public Trustee Practice Manual in order to provide a resource for staff and management alike.

The Public Trustee participates with peer industry groups in accessing appropriate training and exposure to contemporary industry issues.

We provide access to Continuing Legal and Taxation Education as a vital tool in ensuring that our legal and accounting staff is competent to meet the demands of an increasingly complex legal/accounting/tax environment, and to ensure that our risk management strategies are successful.

Our officers are encouraged to access study appropriate to their needs through the ACT Government Study Assistance Scheme. Two PTACT staff are in their final units towards CPA and Bachelor of Business (Accounting major). A senior female manager completed the "Take the Lead" course during the year.

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

During the reported year an amount of \$33,253.42 was allocated towards staff training. This represents an amount of \$978.00 per person spent on training. This figure does not include training that was provided at no cost.

Continuing professional education was provided to the Public Trustee's Taxation officer during the year to keep abreast with contemporary taxation law and practices.

The following table outlines training provided to PTACT staff and the number of participants.

LEARNING AND DEVELOPMENT INITIATIVE	ATTENDANCE
Accept Appointment under Financial Administration Orders or Establish Powers of Attorney	1
Accounting for non-Accountants & Introduction	1
ACT Certificate 4 – Property Management	2
ACT Property Law – A “Grab-Bag of Current Issues”	2
Administer a Complex Estate	3
Administer a Complex Trust	1
Administer a Non Complex Estate	2
Administer a Non Complex Trust	2
Administer an Intestate Estate	2
Administer Powers of Attorney or Financial Administrative Orders	5
Advanced Workplace English – Written	1
Automated Will Systems	1
Cardiopulmonary Resuscitation Awareness Program	2
Economic Review	1
Effective Writing ASO 1 – ASO 4	6
Effective Writing ASO 5 – ASO 6	1
Employee Self-Service Training HR 21	20
Ethics, Values & Leadership Workshop	3
Giving & Receiving Feedback – Managers	2
Guardianship in Practice – Tips & Traps for Legal Practitioners	8
How the Australian Public Service Can Make a Difference	2
Induction Course	4
Introduction to Mental Health	1
Leadership Communications Workshop	2



Leading & Managing Teams	2
Microsoft Excel 2003 Basic	1
Microsoft Outlook - Beginner Essentials	2
Microsoft Word Beginner – Up and Working	1
Microsoft Word Introduction Basic 2003	2
Microsoft Outlook 2003 Advanced	2
Microsoft Outlook Intermediate/Advanced	1
Prepare a Will	2
Profiling Your Organisation in the Media	2
Public Relations Theory	1
Recruiting & Selecting Staff	1
Response to the Federal Budget	1
Ruling from the Grave – Testamentary Trusts	7
Senior First Aid Refresher Course – Workplace	1
Structuring & Protecting Wealth Creation	2
The Outlook for Property in 2009	1
Unhappy Families – Problems & Duties for Lawyers Advising Testators & Survivors	7
Understanding Legislation	5
Using NSW National Estate Provisions to Strengthen Your Family Provision Claim	1
What You Can & Can't Control - The Role Quality Advice Plays in the Current Environment	1
TOTAL	118

## PERFORMANCE MANAGEMENT

PTACT's Performance Management Plan was first introduced in 2007 and seeks to approach performance management from a positive perspective. Rather than seeking continuous quantified improvements in the volume of individual outputs, it seeks to address our capability by in turn addressing those underlying issues, which support and develop capability at an individual level.

Through the plan, Public Trustee staff members have a more measured and disciplined approach to the competencies and skills required to undertake their responsibilities.

In a whole of department JACS staff survey, 31 surveys were distributed to PTACT staff with a high (90% or 28 staff) response rate. The results were highly positive for PTACT as follows -

- 57% of staff felt highly engaged, positive about the organisation's future, ready for change and trusted management. This result is higher than the % for all other workforce sectors.
- The culture in PTACT was reported to be rated at the highest level between ambitious and successful.
- There was an overwhelmingly high level of positive Cultural strength indicated by the high level of staff responding with positive thoughts as opposed to negative thoughts about PTACT.
- PTACT staff reported high levels, and in many cases equal to or greater than benchmark levels, in respect to freedom from bullying/harassment, organisational and improvement cultures, organisational initiatives, values in action, employee satisfaction and management skills.

Whilst respondents indicated a high level of morale, there was some concern expressed to management about high individual staff workloads. This has since been addressed by the recruitment of a further skilled estate administrator.

## C.9 WORKPLACE HEALTH AND SAFETY

The Public Trustee is subject to the Department of Justice and Community Safety's Occupational Health and Safety policy.

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

During the year, PTACT undertook the following health and safety measures –

- Checked and tested all duress alarms.
- Ergonomic seating provided to suit the individual needs of staff as required.
- Influenza Vaccine administered to 26 out of 34 PTACT staff at no personal cost.
- Training was provided to one deputy OH&S staff representative.
- Mental health training provided to all PTACT staff.
- First Aid Training provided to two PTACT First Aid Officers.
- Tested and tagged all PTACT electrical appliances.
- Protective gloves provided to staff in respect to visits to client premises.
- Provided protective clothing kits in vehicles for staff external visits.
- Tested and re-balanced airconditioning.
- Checked and maintained First Aid Kit.
- Undertook a fire safety audit, fire evacuations and installed fire safety signs.
- Tested smoke alarms and sprinklers.
- Cleaned and shampooed carpet.

Two minor incidents were reported during the year. No costs were involved.

During the year no accidents or dangerous occurrences requiring the giving of notices under S.85 of the *Occupational Health and Safety Act 1989* (OH&S Act) were reported.

No investigations were conducted during the year involving tests on any plant, substance or thing in the course of such investigations.

No directions were given to the Public Trustee under S.78 of the OH&S Act

No notices were given to the Public Trustee under S.76 and 77 of the OH&S Act.

No workers' compensation claims were reported during the reported year. The annual workers compensation premium for 2007-08 was \$35,745.00 (inc GST) This premium reflects influences external to the office and is not indicative of the Public Trustee's claims history.

## C.10 WORKPLACE RELATIONS

This has been covered in the Department of Justice and Community and Safety's Annual Report 2008-2009.

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

DESCRIPTION	NO. OF INDIVIDUAL SEAs	NO. OF GROUP SEAs	TOTAL EMPLOYEES COVERED BY GROUP SEAs**	TOTAL
	A	B	C	(A-C)
<b>SEAs</b>				
Number of SEAs as at 30 June 2009	1	Nil	Nil	1
Number of SEAs entered into during period	1	Nil	Nil	1
Number of SEAs terminated during period	Nil	Nil	Nil	Nil
The number of SEAs providing for privately plated vehicles as at 30 June 2009	Nil	Nil	Nil	Nil
Number of SEAs for employees who have transferred from AWAs during period	Nil	Nil	Nil	Nil
<b>AWAs</b>				
Number of AWAs as at 30 June 2009	Nil	Nil	Nil	Nil
Number of AWAs terminated/lapsed (including formal termination and those that have lapsed due to staff departures)	Nil	Nil	Nil	Nil

DESCRIPTION	CLASSIF. RANGE	REMUN AS 30.6.2009
Individual and Group SEAs	SOG Grade A	\$130,518.90
AWAs (includes AWAs ceased during period)	Nil	Nil

## C.11 STRATEGIC BUSHFIRE MANAGEMENT PLAN

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

## C.12 STRATEGIC ASSET MANAGEMENT

### NON-GOVERNMENT ASSETS

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

### ASSETS MANAGED

The Public Trustee Office's plant and equipment assets are comprised of the Office's fit-out, motor vehicles and equipment and furniture normally associated with a small professional Office such as computer equipment, security system, workstations and chairs etc. As shown in the Office's financial report, the book value of these assets at 30 June 2009 was \$322,474 (30 June 2008, \$441,671).

The motor vehicle is internally managed in respect to insurance and maintenance and will not need replacing for at least two years.

The Office holds a register and conducted stocktakes of its portable and attractive assets to ensure these assets were properly accounted for.

During 2008-09 no significant assets were added to, or removed from, the Public Trustee's corporate assets register.

### OFFICE ACCOMMODATION

The Public Trustee employs 34 staff accommodated in 515 sq metres at ground level in ActewAGL House. The area currently occupied by each member of staff is 15.15 sq metres. All employees are accommodated in an office environment.

## C.13 CAPITAL WORKS

No Capital works were undertaken during 2008-09.

## C.14 GOVERNMENT CONTRACTING

### PROCUREMENT PRINCIPLES AND PROCESSES

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

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

## EXTERNAL SOURCES OF LABOUR AND SERVICES

Contracts entered into and continuing include –

- Robert Johnson and Associates for services as asset/markets consultant – Daily cost \$1,500 as required - Contract dated May 2000.
- Vanguard Investments Australia – Contract for the supply of Fund Manager Services in connection with PTACT's recently established International Equities Fund. Fee confirmed at 9 basis points – Accessed under existing contract with ACT Treasury.
- Tasman Asset Management Limited trading as Tyndal for services as Fund Manager for Australian Equities Common Fund – Rate .66% - contract dated November 2005
- Asteron – for custodian services in respect to the Public Trustee's Australian Equities Fund - Rate .1% - Contract dated November 2005.
- Suncorp Metway for Suncorp Metway Investment Management Limited – rate .22% - Contract dated August 2001.
- Ultradata for use under licence and technical support of TACT Business System – Rate for 2008-09 - \$70,071.89 – Contract dated 1986 and reviewed 2006 (does not include software updates).
- PROMADIS – in connection with the development of PTACT's Online Wills Fact Finder – under existing government contracts with ORS - \$6,806.00.

## INTEREST PAID ON COMMERCIAL ACCOUNTS

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

## C.15 COMMUNITY GRANTS/ASSISTANCE/SPONSORSHIP

NO.	ORGANISATION / RECIPIENT	PROJECT DESCRIPTION/ PROCESS/PERIOD OF TIME ENGAGED	OUTCOMES	AMOUNT
1.	ACT Office for Ageing	Life's Reflection - Senior's Week - March 2009 - one week.	Engage with Seniors, a major PTACT client group.	\$3,000
2.	JACS4GreaterGood	Justice and Community Safety Workplace Giving Scheme - benefits charity in the ACT Region - one year.	Reflects PTACT's community engagement - invests in a major potential source of income for PTACT	\$5,000

## C.16 TERRITORY RECORDS

PTACT's Records Disposal Schedule has been made a notifiable instrument (Instrument No 2006-30) under S.19(2) of the *Territory Records Act 2002* and is available at: <http://www.legislation.act.gov.au/ni/2006-30/default.asp>

A records management framework has been implemented in accordance with these documents. Appropriate training and resources have been made available to Public Trustee staff to comply with the requirements of the Act.

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

## C.17 HUMAN RIGHTS ACT 2004

Perhaps the strongest demonstration of our commitment to Human Rights is our achievement of socially responsible and socially supportive outcomes through the Capital Region Community Foundation (GreaterGood). Through GreaterGood, we have amassed a growing corpus of \$5.1M which is invested and the yield is donated to charitable causes. Some \$800K has been distributed to (mostly local) charity since establishment of the scheme. Significant outcomes from these donations include the acquisition of software for sight impaired people, the facilitation of Outward Bound Navigator courses for disadvantaged youth and the Spastic Centre's "Get out There" program for 14-18 years with a physical disability. Through GreaterGood we have helped to build significant social capital, developing a strong facilitative network through which we can "link good people with good causes" to achieve productive social outcomes for the needy. The pleasing aspect of GreaterGood is that it is entirely compatible with our business as trustees.

## OUR ROLE AS DECISION-MAKER FOR FINANCIAL AND PROPERTY MATTERS

The Public Trustee is appointed as Financial Manager, by the Guardianship and Management of Property Tribunal for persons with impaired decision-making ability in approximately 50% of cases. This appointment brings with it a discipline to constantly balance the need for intervention in people's lives against their perceived wishes. We seek to impose the minimal impact necessary, mindful of the rights of represented persons and encourage protected persons to live in the general community as independently as possible.

## EDUCATION AND TRAINING OF STAFF ON HUMAN RIGHTS PRINCIPLES

It is vital that our people understand human rights issues and respect the rights of our clients. We recognise the stresses experienced by our people in their challenging work and actively promote human rights issues amongst staff.

During the reported year, training was provided by the Human Rights Unit JACS to PTACT staff in human rights issues. Additionally, the Mental Health Unit in ACT Health provided our staff with training in mental health issues.

## DISSEMINATION OF INFORMATION ABOUT HUMAN RIGHTS

Information and policy documents relating to the legislative scrutiny process and such human rights/discrimination issues as workplace discrimination, harassment and bullying prevention was circulated to Public Trustee staff during the reported year. The Public Trustee is represented on the Justice and Community Safety Workplace Consultative Committee through which human rights information is disseminated to staff.

In a whole of JACS staff survey conducted in late 2008, PTACT staff reported high satisfaction levels, equal to or greater than benchmark, in respect to freedom from bullying/harassment.

## LEGISLATIVE SCRUTINY

The Public Trustee has not developed any legislative proposals during the year requiring consultation with the Human Rights Commissioner.

## LEGISLATIVE AUDITS

The Public Trustee has not undertaken any legislative audits during the reported year.

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

## C.18 COMMISSIONER FOR THE ENVIRONMENT

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

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

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



## C.19 ACT MULTICULTURAL STRATEGY

The Public Trustee's progress against the ACT Multicultural Strategy 2006-09 follows –

KEY THEME	RESPONSE
Human Rights	In a whole of JACS staff survey conducted in late 2008, PTACT staff reported high satisfaction levels, equal to or greater than benchmark, in respect to freedom from bullying/harassment.
Access and Equity	PTACT is in the process of implementing Chameleon, a Will drafting software package which will enable the Public Trustee to better prepare Wills at home/hospital visits.
Ageing and Aged Care Issues	PTACT has again actively participated in the "SupportLink - Pathways for Elder Abuse Intervention" program to establish an agreed pathway for intervention in matters of reported abuse or mistreatment of older persons within the ACT. The Philosophy is to provide proactive assistance to people where possible and to work in collaboration with other services in order to achieve common goals.
Cultural and Religious Acceptance	PTACT provides a number of information seminars on an annual basis to people of diverse cultural and religious groups.
Language Policy	PTACT has placed appropriate aids on all brochures and on its website to assist in accessing interpreting services.
Leadership and Governance	PTACT's management has a strong emphasis on human rights in particular, a proven record in equity and diversity, a demonstrated record of appointment of females to responsible positions and an intolerance of harassment and bullying.
Migration of parents	PTACT provides a number of information seminars on an annual basis to people of non-English speaking backgrounds through community groups.
Settlement Services for Newly Arrived Migrants	Refer "Migration of Parents" above.
Children and Young People	PTACT provides trustee services to minors, assisting them and their guardians to ensure that their lives do not suffer from lack of opportunities.

## Terrorism

PTACT has joined with other Public/State Trustees and Trustee corporations in addressing the requirements of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006*. A joint submission has been submitted to AUSTRAC and to the federal Attorney-General's Department seeking exemption from the substantial requirements of the Act as they relate to Public Trustees. Through a joint application to AUSTRAC during the year Australian Public Trustees have been granted exemption from substantial compliance with the reporting requirements, reflecting a high degree of natural compliance with the Act.

## C.20 ABORIGINAL AND TORRES STRAIT ISLANDER REPORTING

As a Community Service Provider, the Public Trustee provides services to the ACT Community, seeking to ensure that community members enjoy the same level of access to our services regardless of economic or cultural considerations.

The nature of services provided by the Public Trustee assists in the building of functional and resilient families and communities in conformity with a key priority outcome in the report "Improved wealth creation and economic sustainability for individuals, families and communities".

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

We provide our services at the convenience of our clients, undertaking home/hospital/nursing home visits where access is a problem.

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

## C.21 ECOLOGICALLY SUSTAINABLE DEVELOPMENT

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

## C.22 ACT WOMEN'S PLAN 2004-2009

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

### Representation and recognition

During 2008-09, PTACT appointed women to key positions as follows –

- 2 females appointed to Public Trustee Investment Board
- 7 females appointed to the Board of GreaterGood.
- 1 female PTACT manager completed the “Take the Lead” program.
- 1 female recognised by JACS for 20 continuous years ACT Government service.

#### **Good health and wellbeing**

- We made ‘flu injections available to 16 female staff at no cost.
- We regularly address female community groups on the value of having an Enduring Power of Attorney and an up to date Will.
- 5 female staff accessed the JACS Health and Well-being program.
- 2 female staff access part time or flexible work arrangements.
- 2 staff accessed purchased leave to alleviate family responsibilities.

#### **Responsive housing**

- As Financial Manager appointed by the Guardianship and Management of Property Tribunal, we seek to ensure that represented women have their finances and property appropriately secured managed. PTACT conducted a free seminar of Wills and Estate Planning for women during International Women’s Week 2009. All women attending were provided with a professionally prepared Will at no cost.

#### **Safe, inclusive communities**

- The Public Trustee is a member of the Elder Abuse Prevention Implementation Taskforce and Legal Support Group, which addresses options for dealing with elder abuse (with particular emphasis on women) in the community.
- Our female reception officers are provided with training in dealing with aggressive and volatile customers.

#### **Economic Security and Opportunities**

- We provide flexible work arrangements for our working mothers.
- We do not expect unrealistic working hours from our staff.
- Our approach to equity and diversity provides employment opportunities for mature age female staff.
- We consider our female staff with carer responsibilities by adopting a balanced approach to their needs.

#### **Flexible education and training**

- We provide professional and paid training and study assistance for our staff



**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

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## GLOSSARY OF ABBREVIATIONS AND ACRONYMS

<b>ACAT</b>	Australian Capital Territory Civil and Administrative Tribunal.
<b>AFL</b>	Australian Football League.
<b>AGAC</b>	Australian Guardianship and Administration Council.
<b>AUSTRAC</b>	Australian Transaction Reports and Analysis Centre.
<b>AWA</b>	Australian Workplace Agreement.
<b>COMMBIZ</b>	Commonwealth Bank - Business.
<b>COTA</b>	Council On The Ageing.
<b>CPA</b>	Certified Practicing Accountant.
<b>CSO</b>	Community Service Obligations. Those obligations to the community that the ACT Government purchases from the Public Trustee.
<b>EPA</b>	Enduring Power of Attorney - A formal instrument by which one person empowers another to represent him/her, or act in his/her place for certain purposes. An Enduring Power of Attorney continues to have effect after a person loses mental capacity.
<b>ESD</b>	Ecologically Sustainable Development.
<b>FMA</b>	<i>Financial Management Act 1996.</i>
<b>FTE</b>	Full time equivalent.
<b>GFC</b>	Global Financial Crisis.
<b>GST</b>	An indirect broad based consumption tax built into the price of specified goods and services and collected at point of sale.
<b>JACS</b>	ACT Department of Justice and Community Safety.
<b>JACS IM/ ICT ACT</b>	Department of Justice and Community Safety committee for information management and information and communication technology
<b>JACSCOM</b>	Justice and Community Safety Communication. A representative forum for ACT Department of Justice and Community Safety executives and statutory office-holders.
<b>MACA</b>	Ministerial Advisory Council on Ageing.
<b>MOU</b>	Memorandum of Understanding.
<b>OH&amp;S</b>	Occupational Health and Safety.
<b>PTACT</b>	Public Trustee for the Australian Capital Territory.
<b>PT NSW</b>	Public Trustee for New South Wales.
<b>QA</b>	Quality Assurance.
<b>SOG</b>	Senior Officer Grade (Classification).

<b>SOHO</b>	Statutory Office Holder. A representative forum for ACT Department of Justice and Community Safety statutory office holders.
<b>TACT</b>	Trust Accounting (System)
<b>TCA</b>	Trustee Corporations of Australia Inc.

## GLOSSARY OF TECHNICAL TERMS

<b>Attorney</b>	A person appointed by another to act in his or her place or represent them.
<b>Common Fund</b>	A fund held by more than one person to enable a greater return on the shared investment.
<b>Criminal Assets</b>	Items of value obtained by illegal or criminal acts, forfeited under the <i>Confiscation of Criminal Assets Act 2003</i> .
<b>CSO</b>	Community Service Obligations. Those obligations to the community that the ACT Government purchases from the Public Trustee and broadly include financial management services under order of the Guardianship and Management of Property Tribunal, Enduring Powers of Attorney, Welfare Funerals, AFP call-outs, examination of external financial manager's accounts, deceased estates less than \$100,000 and Trusts less than \$100,000.
<b>Current Ratio</b>	The ratio of current assets to current liabilities.
<b>Enduring Power of Attorney</b>	A formal instrument by which one person empowers another to represent him/her, or act in his/her place for certain purposes. An Enduring Power of Attorney continues to have effect after a person loses mental capacity.
<b>Estate</b>	The sum of the assets less the liabilities of a person, especially of a deceased, a bankrupt or beneficiary.
<b>Executor</b>	The person or company appointed by a Will to administer an estate in accordance with the terms.
<b>Financial Manager</b>	A person appointed under order of the Guardianship and Management of Property Tribunal to make financial decisions in relation to a person's financial matters, or a matter affecting that person's property for persons where the person has impaired decision making ability and is incapable of managing those matters (eg bank accounts or property or shares). A Financial Manager may make financial decisions for the represented person. Most financial management orders are permanent.
<b>Funds Manager</b>	A person or organisation responsible for investing moneys on behalf of another.
<b>Goods and Services Tax</b>	An indirect broad based consumption tax built into the price of specified goods and services and collected at point of sale.

<b>Guardian</b>	A substitute decision-maker appointed under order of the ACT Civil and Administrative Tribunal, to make decisions relating to the health and welfare of a person with impaired decision-making ability. A guardian is appointed for a specific time and with specific functions (eg where to live, what services they will receive and what medical treatment they should receive).
<b>Investment Strategy</b>	A plan distributing assets amongst various investments for future financial return or benefit.
<b>Liquidity</b>	Available cash or the capacity to obtain it on demand.
<b>Long Term Liability</b>	Payment not required within 12 months or liabilities not classified as current.
<b>Manager</b>	A person appointed pursuant to the <i>Guardianship and Management of Property Act 1991</i> to manage the financial and property affairs of a represented person (ie having impaired decision-making ability).
<b>Minor</b>	A person under the age of legal majority ie under 18 yrs.
<b>Procurement</b>	Acquisition of good, services and works by Territory entities.
<b>Prudent Person Principle</b>	The care, diligence and skill that a prudent person would exercise in managing the affairs of another person.
<b>Public Interest Disclosure</b>	A report made under “whistleblower” legislation under which a person may confidentially report any corrupt, illegal or fraudulent acts in the public sector.
<b>PT Investment Board</b>	A board established under S.47 of the <i>Public Trustee Act 1985</i> to advise the Public Trustee on investment and related matters.
<b>Risk Profile</b>	An individual’s sensitivity to volatility of investments.
<b>Statement of Intent</b>	A statement under S.58 of the <i>Financial Management Act 1996</i> setting out the activities, objectives and performance criteria of the authority for the year and relating to the ownership by the government in a territory authority or entity.
<b>Sustained Asset Base</b>	Ability to sustain asset base indicated by changes in net assets.
<b>Trustee</b>	A person who holds property in trust for another.
<b>Unclaimed Moneys</b>	Moneys surrendered to the Public Trustee on behalf of the Territory under the <i>Unclaimed Moneys Act 1950</i> .
<b>Will</b>	A written statement made by an individual, which provides for the disposition of property upon death.
<b>Workplace Diversity</b>	The bringing together of different races, genders, cultures, abilities, ages, sexual orientations, family structures, lifestyles & experienced backgrounds in the workplace.





**PUBLIC TRUSTEE**  
FOR THE AUSTRALIAN CAPITAL TERRITORY

## **APPENDICES**

# STATEMENT OF PERFORMANCE, FINANCIAL STATEMENTS, AND AUDITOR-GENERAL'S REPORTS



## ACT AUDITOR-GENERAL'S OFFICE



### INDEPENDENT AUDIT REPORT

### PUBLIC TRUSTEE FOR THE ACT

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

#### Report on the financial report

I have audited the financial report of the Public Trustee for the ACT for the year ended 30 June 2009. The financial report is comprised of the operating statement, balance sheet, statement of changes in equity, cash flow statement, statement of appropriation and accompanying notes.

#### Responsibility for the financial report

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

#### The auditor's responsibility

My responsibility is to express an independent audit opinion on the financial report of the Public Trustee for the ACT based on my audit as required by the *Financial Management Act 1996*.

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

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

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

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

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

### Electronic presentation of the audited financial report

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

### Independence

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

### Audit opinion

In my opinion, the financial report of the Public Trustee for the ACT for the year ended 30 June 2009:

- (i) is presented in accordance with the *Financial Management Act 1996*, Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Public Trustee for the ACT as at 30 June 2009 and the results of its operations and its cash flows for the year then ended.

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



Tu Pham  
Auditor-General

26 August 2009



**Public Trustee for the A.C.T.  
Financial Report  
For the Year Ended 30 June 2009**

---

**Statement of Responsibility**

In my opinion, the financial report is in agreement with the Public Trustee's accounts and records and fairly reflects the financial operations of the Public Trustee for the year ended 30 June 2009 and the financial position of the Public Trustee on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

16 July 2009

**Public Trustee for the A.C.T.  
Financial Report  
For the Year Ended 30 June 2009**

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**Statement by the Chief Finance Officer**

In my opinion, the financial report has been prepared in accordance with generally accepted accounting principles, and is in agreement with the Public Trustee's records and fairly reflects the financial operations of the Public Trustee for the year ended 30 June 2009 and the financial position of the Public Trustee on that date.



Joanne Thompson  
Chief Finance Officer  
Public Trustee ACT

16 July 2009

**PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2009**

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 of the office to meet agreed standards and to provide professional, and efficient services to the ACT Community.

INDICATOR	TARGET 2008-09	Actual Outcome 2008-09	% Variance	Notes
No. of Current Financial Management under Orders of the Guardianship and Management of Property Tribunal (GMPT)	411	432	5%	1
No. of active financial management accounts under Power of Attorney and Enduring Power of Attorney	99	68	(31%)	2
No. of responses to community call outs following death	4	7	75%	3
No. of Welfare funerals arranged	8	8	0	3
No. of Examinations of accounts provided from external managers under GMPT	327	318	(3%)	4
No. of Deceased Estate Administrations completed < \$100,000	60	37	(38%)	5
No. of Deceased Estate Administrations completed > \$100,000	46	33	(28%)	5
No. of trusts held under legal liability less than <\$100,000	500	417	(17%)	6
No. of trusts held under legal liability > \$100,000	35	30	(14%)	6
Wills	659	724	10%	7
Percentage of expenditure over total income	90%	103%	14%	8

**Notes**

1. The number of clients under Guardianship and Management of Property Orders has increased due to the appointment of the Public Trustee as manager of last resort.
2. The number of Enduring Power of Attorneys has reduced in 2008-09 due to number of deaths, transfer of clients to Guardianship and Management of Property Orders and due to individuals now having their affairs in order and having the ability to manage their own funds.
3. The number of Welfare Funerals and AFP call-outs are dependent upon the level of funds of deceased persons and the ability to contact known family members. Public Trustee involvement is usually last resort.
4. The number of accounts examined is reliant upon external managers providing accounts to the office on an annual basis.

PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2009

5. The number of deceased estates being administered by the Public Trustee that have a value of less than, or more than \$100,000, is solely dependent upon the level of assets at date of death.
6. The number of trusts with a value of less than, or more than \$100,000, depends solely upon court awarded settlements. Changes to legislation and court nominations affect the number of clients being administered by the Public Trustee.
7. The number of requests for new and changed wills remains relatively high due to marketing strategies, community education, excellent customer feedback and the employment of a full-time Legal Officer.
8. Whilst expenditure was consistent with budget, income decreased from original budget for the 2008-09 by 14% . As a result of the income decrease the percentage of expenditure over income has increased.

PUBLIC TRUSTEE FOR THE ACT  
STATEMENT OF PERFORMANCE  
FOR THE YEAR ENDING 30 JUNE 2009

Financial Performance Measurement Analysis

	2008-09 Target	2008-09 Actuals	Variance %	Explanation
<b>Profitability</b>				
Return on Assets	10.32%	(2.93%)	(128.4%)	1
Return on Equity	13.91%	(4.09%)	(129.4%)	2
Profit Margin	11.04%	(3.38%)	(131%)	3
<b>Liquidity</b>				
Current Ratio	4.05:1	3.92:1	(3.24%)	
Cash Position	.87	.86	(1.29%)	
Receivables Turnover	14.35	18.05	25.75%	4
<b>Financial Stability</b>				
Debt Ratio	23.72	25.59	7.89%	5

- *Return on Assets*=(operating result b.t. +interest expense)/average total assets for period
- *Return on Equity*=operating result b.t. /equity
- *Profit Margin*=operating result b.t. /(Govt & nonGovt usercharges+taxes, fees and fines)
- *Current Ratio*=current assets/current liabilities
- *Cash Position*=(cash+current investments)/total assets
- *Receivables Turnover*=(non-Govt user charges+taxes, fees & fines)/average non-Gov't receivables for period
- *Debt Ratio*=total liabilities/total assets

- 1/2/3. The high variance in the Profitability Ratios is mainly due to a decrease in income as a result the decrease in the value of assets under administration due to the Global Financial Crisis. Together with the change in Methodology used in reporting Annual and Long Service Leave liabilities. The impact of these changes has decreased our operating result which has affected the Return on Assets, Return on Equity and the Profit margin.
4. Receivables turnover ratio at the end of 2008-09 was higher than original budget. The increase is mainly attributable to debtors paying their accounts in shorter timeframe than anticipated.
5. The increase in Debt Ratio shows that the Public Trustee can still more than adequately provide for the payment of Creditors at any given time.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
OPERATING STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note No.	Actual 2009 \$	Original Budget 2009 \$	Actual 2008 \$
<b>INCOME</b>				
Government Payment for Outputs	4	643 000	643 000	631 000
User Charges	5	2 842 740	3 359 000	3 111 898
Interest	6	196 358	240 000	237 207
<b>Total Income</b>		<b>3 682 098</b>	<b>4 242 000</b>	<b>3 980 105</b>
<b>EXPENSES</b>				
Employee Expenses	7	2 477 865	2 449 000	2 154 311
Superannuation Expenses	8	340 192	360 000	327 007
Supplies and Services	9	858 495	877 000	815 883
Depreciation	10	123 060	114 000	111 347
<b>Total Expenses</b>		<b>3 799 612</b>	<b>3 800 000</b>	<b>3 408 548</b>
<b>Operating (Deficit)/Surplus</b>		<b>(117 514)</b>	<b>442 000</b>	<b>571 557</b>

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



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
BALANCE SHEET  
AS AT 30 JUNE 2009**

	Note No.	Actual 2009 \$	Original Budget 2009 \$	Actual 2008 \$
<b>CURRENT ASSETS</b>				
Cash and Cash Equivalents	13	3 339 654	3 633 000	3 373 274
Receivables	14	180 476	253 000	216 466
Prepayments	16	37 209	21 000	19 694
<b>Total Current Assets</b>		<b>3 557 339</b>	<b>3 907 000</b>	<b>3 609 434</b>
<b>NON-CURRENT ASSETS</b>				
Plant and Equipment	15	322 474	259 000	441 671
<b>Total Non-Current Assets</b>		<b>322 474</b>	<b>259 000</b>	<b>441 671</b>
<b>Total Assets</b>		<b>3 879 813</b>	<b>4 166 000</b>	<b>4 051 105</b>
<b>CURRENT LIABILITIES</b>				
Payables	17	99 030	100 000	126 524
Employee Benefits	18	808 863	644 000	601 424
Other Liabilities	19	-	221 000	285 778
<b>Total Current Liabilities</b>		<b>907 893</b>	<b>965 000</b>	<b>1 013 726</b>
<b>NON CURRENT LIABILITIES</b>				
Employee Benefits	18	84 890	23 000	32 835
<b>Total Non-Current Liabilities</b>		<b>84 890</b>	<b>23 000</b>	<b>32 835</b>
<b>Total Liabilities</b>		<b>992 783</b>	<b>988 000</b>	<b>1 046 561</b>
<b>Net Assets</b>		<b>2 887 030</b>	<b>3 178 000</b>	<b>3 004 544</b>
<b>EQUITY</b>				
Accumulated Funds	20	2 881 612	3 173 000	2 999 126
Asset Revaluation Reserve	20	5 418	5 000	5 418
<b>Total Equity</b>		<b>2 887 030</b>	<b>3 178 000</b>	<b>3 004 544</b>

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note No.	Actual 2009 \$	Original Budget 2009 \$	Actual 2008 \$
<b>Total Equity at the Beginning of the Reporting Period</b>		<b>3 004 544</b>	<b>2 957 000</b>	<b>2 718 769</b>
Operating (Deficit)/Surplus		(117 514)	442 000	571 557
<b>Total Income and Expense Recognised Directly in Equity for the Reporting Period</b>		<b>(117 514)</b>	<b>442 000</b>	<b>571 557</b>
<b>Transactions Involving Equity Holders Affecting Accumulated Funds</b>				
Dividend Approved	19	-	(221 000)	(285 778)
<b>Total Equity at the End of the Reporting Period</b>		<b>2 887 030</b>	<b>3 178 000</b>	<b>3 004 544</b>

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



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
STATEMENT OF APPROPRIATION  
FOR THE YEAR ENDED 30 JUNE 2009**

	Original Budget 2009 \$	Total Appropriated 2009 \$	Appropriation Drawn 2009 \$	Appropriation Drawn 2008 \$
Government Payments for Outputs	643 000	643 000	643 000	631 000
<b>Total Appropriation</b>	<b>643 000</b>	<b>643 000</b>	<b>643 000</b>	<b>631 000</b>

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Note No.	Actual 2009 \$	Original Budget 2009 \$	Actual 2008 \$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Operating Revenue		404 679	983 000	370 304
Management Fees		1 073 745	1 020 000	1 000 391
Commission Received		1 361 374	1 353 000	1 753 983
Interest Received		222 149	224 000	225 304
Community Service Obligations received		435 000	435 000	428 000
Service Payments from the General Government Sector		208 000	208 000	203 000
Goods and Services Tax Collected from Customers		271 549	283 000	313 847
Other		12 064	20 000	25 152
<b>Total Receipts from Operating Activities</b>		<b>3 988 560</b>	<b>4 526 000</b>	<b>4 319 981</b>
<b>Payments</b>				
Employee		2 593 035	2 764 000	2 391 483
Supplies and Services		867 849	869 000	810 390
Goods and Services Tax Paid to Suppliers		75 870	90 000	89 860
Goods and Services Tax Paid to the Australian Taxation Office		185 597	193 000	222 151
Other		10 187	15 000	14 836
<b>Total Payments from Operating Activities</b>		<b>3 732 538</b>	<b>3 931 000</b>	<b>3 528 720</b>
<b>Net Cash Inflows from Operating Activities</b>	24(b)	<b>256 022</b>	<b>595 000</b>	<b>791 261</b>
<b>Payments</b>				
Purchase of Investments		-	354 000	-
Purchase of Plant and Equipment		3 864	-	70 387
<b>Total Payments from Investing Activities</b>		<b>3 864</b>	<b>354 000</b>	<b>70 387</b>
<b>Net Cash (Outflows) from Investing Activities</b>		<b>(3 864)</b>	<b>(354 000)</b>	<b>(70 387)</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY**  
**CASH FLOW STATEMENT - Continued**  
**FOR THE YEAR ENDED 30 JUNE 2009**

	Note No.	Actual 2009 \$	Original Budget 2009 \$	Actual 2008 \$
<b>Cash Flows from Financing Activities</b>				
<b>Payments</b>				
Payment of Dividend		285 778	237 000	473 769
<b>Total Payments from Financing Activities</b>		<b>285 778</b>	<b>237 000</b>	<b>473 769</b>
<b>Net Cash (Outflows) from Financing Activities</b>		<b>(285 778)</b>	<b>(237 000)</b>	<b>(473 769)</b>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents Held</b>		<b>(33 620)</b>	<b>4 000</b>	<b>247 103</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		3 373 274	222 000	3 126 171
Cash and Cash Equivalents at the End of the Reporting Period	24(a)	3 339 654	226 000	3 373 274

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 REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**1. OBJECTIVES 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 reports for Territory authorities.

The FMA and the *Financial Management Guidelines*, requires that the Public Trustee's financial report include:

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

This general purpose financial report has been prepared in accordance with 'generally accepted accounting practice' as required by the FMA. The financial report has been prepared in accordance with:

- (i) Australian Equivalents to International Financial Reporting Standards (AIFRS), comprising accounting standards and accountings interpretations issued by the Australian Accounting Standards Board and the former Urgent Issues Group; and
- (ii) ACT accounting policies.

The financial report has been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial report has also been prepared according to the historical cost convention, except for certain assets which were valued in accordance with the valuation policies applicable to the Public Trustee during the reporting period.

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

**b) The Reporting Period**

The financial report states the financial performance and cash flows of the Public Trustee for the year ending 30 June 2009 and the financial position of the Public Trustee as at 30 June 2009.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

**c) Comparative Figures**

*Budget Figures*

Budget information provided for 2008-09 matches the budget information contained in the Public Trustee's Statement of Intent. The *Financial Management Act 1996* requires the statements to facilitate a comparison with the Statement of Intent. The budget numbers are as per the Statement of Intent

*Prior Year Comparatives*

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

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

**d) Rounding**

All amounts in the financial report have been rounded to the nearest thousand dollars (\$'000). Use of "-" represents zero amounts or amounts rounded down to zero.

**e) Revenue Recognition**

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

*User Charges*

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

*Interest*

Interest revenue is recognised using the effective interest rate method.

**f) Waivers of Debt**

Debts that are waived under section 131 of the *Financial Management Act 1996* are expensed during the year in which the right to payment was waived. Further details of waivers are disclosed at Note 11 – Waivers and Write-offs.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

**g) Current and Non-Current Items**

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

**h) Cash and Cash Equivalents**

For the purposes of the Cash Flow Statement and the Balance Sheet, cash includes cash at bank and cash on hand. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents include short-term investments managed by the Public Trustee Office internally. Bank overdrafts are included in cash and cash equivalents in the cash flow statement but not in the cash and cash equivalents line on the Balance Sheet.

**i) Receivables**

Accounts receivable are initially recognised at fair value and are subsequently measured at amortised cost, with any adjustments to the carrying amount being recorded in the Operating Statement. Total receivables arise in the normal course of providing Trustee services to other agencies and to the public. Trade receivables are payable in within 28 days after the issue of an invoice.

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

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

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

Plant and equipment is initially recorded at cost. Cost includes the purchase price, directly attributable costs and the estimated cost of dismantling and removing the item (where, upon acquisition, there is an obligation to remove the item).

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

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

Plant and equipment is measured at cost.

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

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

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

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

Class of Asset	Depreciation/Amortisation	Useful Life (Years)
	Method	
Motor Vehicle	Straight line	8
Furniture and Fittings	Straight line	5 - 20
Computer Equipment	Straight line	5
Office Fitout	Straight line	5
Security System	Straight line	5

**m) Payables**

Payables include trade payables, accrued expenses and other payables. Trade payables represent the amounts owing for goods and services received prior to the end of the reporting period and unpaid at the end of the reporting period and relating to the normal operations of the Public Trustee.

Accrued expenses represent goods and services provided by other parties during the period that are unpaid at the end of the reporting period and where an invoice has not been received by period end.

**n) Leases**

*Operating Leases*

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



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

**o) Employee Benefits**

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

*Wages and Salaries*

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

*Annual and Long Service Leave*

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

Annual and long service leave including applicable on-costs that do not fall due wholly within the next twelve months is measured at the present value of estimated future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the future wage and salary levels, experience of employee departures and periods of service. At each reporting date, the estimated future payments are discounted using market yields on Commonwealth Government Bonds with terms to maturity that match, as closely as possible, the estimated future cash flows. In 2008-09, the discount factor used to calculate the present value of these future payments is 90.5% (95% in 2007-08).

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

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

Annual leave and long service leave liabilities are classified as current liabilities in the Balance Sheet where there are no unconditional rights to defer the settlement of the liability for at least 12 months. However, where there is an unconditional right to defer settlement of the liability for at least 12 months, annual and long service leave have been classified as a non-current liability in the Balance Sheet.

**p) Superannuation**

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



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

**p) Superannuation (Continued)**

Superannuation payments have also been made directly to superannuation funds for those members of the Public Sector who are part of the superannuation accumulation schemes. This includes the Public Sector Superannuation Scheme Accumulation Plan (PSSAP) and schemes of employees choice.

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

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

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

**q) Insurance**

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

**r) Trust Funds**

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

**s) Significant Accounting Judgements and Estimates**

In the process of applying the accounting policies listed in this note, the Public Trustee has made the following judgements and estimates that have the most significant impact on the amounts recorded in the financial report:

*Employee benefits*

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**3. CHANGE IN ACCOUNTING ESTIMATES, AND IMPACT OF ACCOUNTING STANDARDS ISSUE BUT YET TO BE APPLIED**

**(a) Change in Accounting Estimate**

*Revision of the Methodology used to Estimate the Liability for Employee Benefits*

This year the Department of Treasury engaged an actuary to review the methodology used by the ACT Government agencies to estimate annual and long service leave liabilities. Following this review, this methodology was revised as follows:

- As disclosed in Note 2(o) *Employee Benefits*, the estimated future payments for annual and long service leave (including applicable on-costs) that do not fall due within the next 12 months are measured at present value.

The estimated future payments are discounted using market yields on Commonwealth Government bonds at the reporting date with terms to maturity that match, as closely as possible, the estimated future cash flows. The rate used to calculate the present value of these estimated future payments has been revised from 95% to 90.5% mainly due to a change in the long-term yields from Commonwealth Government bonds. The revision to the discount rate has resulted in a decrease to the liability for employee benefits and the related expense.

- As disclosed in Note 2 (o) *Employee Benefits*, the long service leave liability is estimated with reference to the minimum period of qualifying service. For employees with less than the minimum period of 7 years required qualifying service, the probability that employees will reach the minimum period of qualifying service has been taken into account in estimating the provision for long service leave and the related on-costs.

In previous reporting periods under the methodology used by ACT Government agencies, this liability was estimated by recognising a 100% liability for employees with 5 or more years of service and 0% for employees with less than 5 years of service. This methodology has been replaced by another methodology, whereby the probability that an employee will reach the minimum service period of seven years is estimated for each completed year of service. The use of this revised methodology has resulted in an increase in the liability for employee benefits and the related expense.

- As disclosed in Note 2 (o) *Employee Benefits*, the employee benefits include wages and salaries, annual leave, long service leave and applicable on-costs.

In previous reporting periods, all applicable on-costs were not included in the estimated annual and long service leave liabilities due to an omission. The inclusion of these on-costs in the current reporting period has resulted in an increase to the liability for employee benefits and the related expense.

The above revisions and corrections to the liability for employee benefits has resulted in an increase in the estimate of employee benefits and the related expense of \$ 169,321 in the current reporting period.

**(b) Impact of Accounting Standards Issued but yet to be applied**

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**3. CHANGE IN ACCOUNTING ESTIMATES, AND IMPACT OF ACCOUNTING STANDARDS ISSUE BUT YET TO BE APPLIED (Continued)**

- AASB 101 Presentation of Financial Statements (application date 1 January 2009);
- AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 101 (application date 1 January 2009);
- AASB 2007-10 Amendments to Australian Accounting Standards arising from AASB 101 (application date 1 January 2009);
- AASB 2008-9 Amendments to AASB 1049 for Consistency with AASB 101 (application date 1 January 2009); and
- AASB 2009-2 Amendments to Australian Accounting Standards - Improving Disclosures about Financial Instruments [ AASB 4, AASB 7, AASB 1023, & AASB 1038] (application date 1 January 2009).

**4. GOVERNMENT PAYMENTS FOR OUTPUTS**

	2009 \$	2008 \$
Government Payments for Outputs	643 000	631 000
	<u>643 000</u>	<u>631 000</u>

**5. USER CHARGES FOR GOODS AND SERVICES**

**User Charges – ACT Government**

Commission Received (a)	320 696	248 098
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**User Charges – Non ACT Government**

Commission Received (b)	1 049 434	1 505 885
Management Fees (c)	1 068 148	975 084
Other Fees	404 462	382 831
	<u>2 842 740</u>	<u>3 111 898</u>

- (a) The commission charged to ACT Government agencies relates to the management of trust funds. During the 2008-09 financial year there was an increase of funds under management. Although the Global Economic Crisis has affected returns, and therefore commission, the increase in assets under management has offset the decrease in returns.
- (b) The majority of commission received by the Public Trustee is based on the income earned on investments. Due to the Global Economic Crisis the return on investments has decreased. As the commissions percentage based, the income being able to be charged has also decreased.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**5. USER CHARGES FOR GOODS AND SERVICES (Continued)**

- (c) Management fees are charged on a commission basis. Due to an increase in funds under management, the corresponding fee has also increased.

**6. INTEREST**

	2009 \$	2008 \$
Interest Income	196 358	237 207
	<u>196 358</u>	<u>237 207</u>

Interest income fluctuates with changes in market interest rates. Overall, Cash and Cash Equivalents decreased during the year providing a decreased base for interest returns. With interest rates dropping over the last twelve months the return for the 2008-09 financial year compared to the previous financial year is lower.

**7. EMPLOYEE EXPENSES**

Wages and Salaries (a)	2 187 903	2 037 200
Annual Leave Expense (b)	111 550	12 451
Long Service Leave Expense (c)	136 081	31 308
Termination payments/retirements	7 459	33 946
Fringe Benefits Tax	(181)	(4 934)
Comcare Premiums	32 837	40 441
Other Employee Expenses	2 216	3 899
<b>Total Employee Expenses</b>	<u><b>2 477 865</b></u>	<u><b>2 154 311</b></u>

- (a) Wages and Salaries have increased due the implementation of the latest pay increase as part of the current Enterprise Bargaining Agreement as well as a increase in staff numbers due to staff on paid leave.
- (b) The increase in the annual leave expense is due to the inclusion of on-costs in the estimate of the Annual Leave liability. Refer to Note 3 *Change in Accounting Estimates, and Impact of Accounting Standards Issue but yet to be applied* for further details on this change.
- (c) The increase in the Long Service Leave expense is due to the change in the methodology used to estimate the Long Service Leave liability. Refer to Note 3: *Change in Accounting Estimates, and Impact of Accounting Standards Issue but yet to be applied* for further details on this change.

**8. SUPERANNUATION EXPENSES**

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

Superannuation payments have been made direct to ComSuper to cover the superannuation liability for employees that are in the new Public Sector Superannuation Scheme Superannuation Plan (PSSAP).

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**8. SUPERANNUATION EXPENSES (continued)**

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

	2009	2008
	\$	\$
Superannuation Contributions to the Territory Banking Account	234 440	245 338
Productivity Benefit	37 071	40 400
Superannuation Payment to ComSuper	0	3 593
Superannuation to External Providers	68 681	37 676
	<hr/>	<hr/>
<b>Total Superannuation Expenses</b>	<b>340 192</b>	<b>327 007</b>

**9. SUPPLIES AND SERVICES**

Business Development Costs	41 920	52 168
Computer Expenses	139 094	164 181
Motor Vehicle Expenses	18 042	16 220
Rental Lease Payments/Cleaning	203 621	193 071
Repairs/Maintenance	69 811	69 936
Printing/Stationery	39 574	44 216
Telephones	23 403	21 876
Staff Training	27 421	24 054
Postage	15 652	16 605
Audit Fee	32 300	31 000
Subscriptions/Memberships	19 970	17 523
Office Equipment	16 950	20 352
Leasing – Computers	29 682	29 682
Travel Expenses	4 962	8 577
Insurance Risk Management Levy	38 818	36 525
Other Expenses	48 064	37 339
Electricity	16 036	14 758
Recruitment costs <sup>(a)</sup>	16 326	-
Business Application Upgrade <sup>(b)</sup>	56 849	17 800
	<hr/>	<hr/>
	<b>858 495</b>	<b>815 883</b>

(a) As part of the Public Trustee's Workforce and Succession Planning process, the Public Trustee chose to utilise specialist recruitment agencies so as to secure staff from a wider based workforce to try and employ staff from the private sector and interstate.

(b) Enhancements have been made to the Public Trustee's business applications to streamline activities within the organisation. Upgrades have now been completed on software being utilised to prepare and lodge taxation returns on behalf of clients. The introduction of software to prepare and lodge Wills with the Public Trustee is yet to be completed.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**10. DEPRECIATION**

	2009 \$	2008 \$
Plant and Equipment	123 060	111 347
	<u>123 060</u>	<u>111 347</u>

In 2008-09, further work was performed to enhance office space. As a result of this there was an increase in capital expenditure and therefore a corresponding increase in depreciation charges.

**11. WAIVERS AND WRITE-OFFS**

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

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

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

Ordinary Activities	No.	2009 \$	No.	2008 \$
Write-offs				
Irrecoverable Debts	5	808	14	2 873
<b>Total Write-offs</b>		<u>808</u>		<u>2 873</u>

The write-offs occurred as a result of client accounts being overdrawn and balances being deemed unrecoverable. The Public Trustee approves all write-off balances.

**12. AUDITOR'S REMUNERATION**

	2009 \$	2008 \$
Audit Fees Paid to the ACT Auditor-General's Office	32 300	31 000

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**13. CASH AND CASH EQUIVALENTS**

	2009	2008
	\$	\$
Cash at Bank	389 204	322 824
Cash on Hand	450	450
Investments	2 950 000	3 050 000
	<u>3 339 654</u>	<u>3 373 274</u>

The Public Trustee Office held deposits at call throughout the year. The weighted average interest rate returned on these investments was 5.76%. Due to a decrease in total income received for the year the balance of Cash and Cash Equivalents was less than the balance held at the end of June 2008.

**14. RECEIVABLES**

**Current Receivables**

Trade Receivables	162 749	164 443
Less: Allowance for Impairment Losses	-	-
	<u>162 749</u>	<u>164 443</u>
Other Trade Receivables	147	8 653
Accrued Revenue	<u>17 580</u>	<u>43 370</u>
<b>Total Receivables</b>	<u>180 476</u>	<u>216 466</u>

**Ageing of Receivables**

	Not Overdue	Less than 30 Days	Past Due 30 to 60 Days	Greater than 60 Days	Total
	\$	\$	\$	\$	\$
<b>2009</b>					
Not Impaired Receivables		138 554	145	41 778	180 476
Impaired Receivables		-	-	-	-
<b>2008</b>					
Not Impaired Receivables		154 192		62 274	216 466
Impaired Receivables		-	-	-	-



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

**14. RECEIVABLES (Continued)**

	2009 \$	2008 \$
<b>Classification of ACT Government/Non-ACT Government Receivables</b>		
<b>Receivables with Other ACT Government Entities</b>		
Net Trade Receivables	41 952	32 320
Other Trade Receivables	0	7 741
	<hr/>	<hr/>
<b>Total Trade Receivables with Other ACT Government Entities</b>	<b>41 952</b>	<b>40 061</b>
<b>Trade Receivables with Non ACT Government Entities</b>		
Net Trade Receivables	120 797	132 123
Other Trade Receivables	147	912
Accrued Revenue	17 580	43 370
	<hr/>	<hr/>
<b>Total Trade Receivables with Non ACT Government Entities</b>	<b>138 524</b>	<b>176 405</b>
	<hr/>	<hr/>
<b>Total Trade Receivables</b>	<b>180 476</b>	<b>216 466</b>

The decrease in receivables is due to a decline in the value of assets currently under management. This in turn has reduced the Management Fees that were due and payable at 30 June 2009.

**15. PLANT AND EQUIPMENT**

Plant and equipment includes motor vehicles, office and computer equipment, furniture and fittings, office fitout and a security system.

Motor Vehicle (at valuation)	13 000	13 000
Less: Accumulated Depreciation	(3 250)	(1 625)
	<hr/>	<hr/>
	<b>9 750</b>	<b>11 375</b>

The motor vehicle was independently valued at market value by Pickles Auctions Pty Limited on 17 May 2007.

Furniture and Fittings (at cost)	19 268	19 268
Less: Accumulated Depreciation	(3 330)	(2 036)
	<hr/>	<hr/>
	<b>15 938</b>	<b>17 232</b>

Computer Equipment (at cost)	3 336	3 336
Less: Accumulated Depreciation	(1 866)	(1 199)
	<hr/>	<hr/>
	<b>1 470</b>	<b>2 137</b>



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

15. PLANT AND EQUIPMENT (Continued)

	2009 \$	2008 \$
Office Fitout (at cost)	591 592	587 728
Less: Accumulated Depreciation	(301 897)	(183 863)
	<u>289 695</u>	<u>403 865</u>
Security System (at cost)	7 200	7 200
Less: Accumulated Depreciation	(1 578)	(138)
	<u>5 622</u>	<u>7 062</u>
Total Plant and Equipment (at cost)	634 396	630 532
Less: Accumulated Depreciation	(311 921)	(188 861)
Total Carrying Value	<u>322 475</u>	<u>441 671</u>

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

**Motor Vehicle**

Carrying amount at the Beginning of the Reporting Period	11 375	13 000
Depreciation	(1 625)	(1 625)
Carrying Amount at the End of the Reporting Period	<u>9 750</u>	<u>11 375</u>

**Furniture and Fittings**

Carrying amount at the Beginning of the Reporting Period	17 232	18 526
Depreciation	(1 294)	(1 294)
Carrying Amount at the End of the Reporting Period	<u>15 938</u>	<u>17 232</u>

**Computer Equipment**

Carrying amount at the Beginning of the Reporting Period	2 137	2 804
Depreciation	(667)	(667)
Carrying Amount at the End of the Reporting Period	<u>1 470</u>	<u>2 137</u>

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

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

	2009 \$	2008 \$
<b>Office Fitout</b>		
Carrying amount at the Beginning of the Reporting Period	403 865	448 300
Additions	3 864	63 188
Depreciation	(118 034)	(107 623)
Carrying Amount at the End of the Reporting Period	<u>289 695</u>	<u>403 865</u>
<b>Security System</b>		
Carrying amount at the Beginning of the Reporting Period	7 062	-
Additions	-	7 200
Depreciation	(1 440)	(138)
Carrying Amount at the End of the Reporting Period	<u>5 622</u>	<u>7 062</u>

**16. OTHER ASSETS**

**Current Other Assets**

Prepayments	37 209	19 694
	<u>37 209</u>	<u>19 694</u>

**17. PAYABLES**

**Current Payables**

Trade Payables	99 030	126 524
<b>Total Current Payables</b>	<u>99 030</u>	<u>126 524</u>

**Payables are aged as follows:**

Overdue for less than 30 Days	78 680	125 582
Overdue for more than 30 days and less than 60 days	5 113	942
Overdue for more than 60 Days	15 237	-

<b>Total Current Payables</b>	<u>99 030</u>	<u>126 524</u>
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**Classification of Government/Non-Government Payables**

**Payables with ACT Government Entities**

Trade Creditors	34 756	69 579
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<b>Total Payables with Non ACT Government Entities</b>	<u>34 756</u>	<u>69 579</u>
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PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

**17. PAYABLES (Continued)**

	2009 \$	2008 \$
<b>Payables with Non ACT Government Entities</b>		
Trade Creditors	64 274	56 945
<b>Total Payables with Non ACT Government Entities</b>	<u>64 274</u>	<u>56 945</u>
<b>Total Current Payables</b>	<u>99 030</u>	<u>126 524</u>

The decrease in payables is mainly attributable to the majority of invoices relating to the 2008-09 year being received and paid prior to 30 June 2009.

**18. EMPLOYEE BENEFITS**

**Current Employee Benefits**

Annual Leave	319 642	208 092
Long Service Leave	448 885	364 858
Accrued Salaries	40 336	28 474
<b>Total Current Employee Benefits</b>	<u>808 863</u>	<u>601 424</u>

**Non- Current Employee Benefits**

Long Service Leave	84 890	32 835
<b>Total Employee Benefits</b>	<u>893 753</u>	<u>634 259</u>

*For disclosure purposes only*

**Estimated Amount Payable within 12 Months**

Accrued Salaries	40 336	28 474
Annual Leave	319 642	208 092
Long Service Leave	7 192	-
<b>Total Employee Benefits Payable within 12 months</b>	<u>367 170</u>	<u>236 566</u>

**Estimated Amount Payable after 12 Months**

Long Service Leave	526 583	397 693
	<u>526 583</u>	<u>397 693</u>
<b>Total Employee Benefits</b>	<u>893 753</u>	<u>634 259</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**18. EMPLOYEE BENEFITS (continued)**

For explanation of increases to employee benefits, please refer to Note 3 *Change in Accounting Estimates, and Impact of Accounting Standards Issue but yet to be applied.*

At the end of the 2009 financial year, the Public Trustee for the Australian Capital Territory had 35 staff employed. (2008 – 32 staff)

**19. OTHER LIABILITIES**

	2009 \$	2008 \$
<b>Dividend Payable</b>	<u>0</u>	<u>285 778</u>

The dividend payable each year is based on fifty percent of the operating surplus in any given financial year. As there was no surplus for the 2008-09 financial year there is no dividend payable.

**20. EQUITY**

**Total Equity at the End of the Reporting Period**

Accumulated Funds	2 881 612	2 999 127
Asset Revaluation Reserve	<u>5 418</u>	<u>5 418</u>
<b>Total Equity</b>	<u><b>2 887 030</b></u>	<u><b>3 004 545</b></u>

**Movements in Equity during the Reporting Period**

**Accumulated Funds**

Balance at the Beginning of the Reporting Period	2 999 126	2 713 348
Operating (Deficit)/Surplus	(117 514)	571 557
Dividends Approved	<u>0</u>	<u>(285 778)</u>
<b>Balance at the End of the Reporting Period</b>	<u><b>2 881 612</b></u>	<u><b>2 999 127</b></u>

**Asset Revaluation Reserve**

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

Balance at the Beginning of the Reporting Period	5 418	5 418
	<u>-</u>	<u>--</u>
<b>Balance at the End of the Reporting Period</b>	<u><b>5 418</b></u>	<u><b>5 418</b></u>



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**21. FINANCIAL INSTRUMENTS**

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

**(a) Interest Rate Risk**

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

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

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

The Public Trustee's maximum exposure to interest rate risk relating to these financial assets and liabilities is shown below in Note 21(e): 'Maturity Analysis and Exposure to Interest Rates'.

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

**(b) Credit Risk**

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

Credit risk is managed the Public Trustee for Cash and Cash Equivalents investments by only investing surplus funds with various financial institutions, who have a A credit rating or greater. There is no other collateral held as security for financial assets. Investments are now structured with the highest rating banks to ensure more security over funds invested.

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

**(c) Liquidity Risk**

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**21. FINANCIAL INSTRUMENTS (Continued)**

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

The Public Trustee's maximum exposure to liquidity risk relating to these financial liabilities is shown below in Note 21(e): 'Maturity Analysis and Exposure to Interest Rates'.

**(d) Fair Value of Financial Assets and Liabilities**

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

	Carrying Amount 2009 \$	Fair Value 2009 \$	Carrying Amount 2008 \$	Fair Value 2008 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	3 339 654	3 339 654	3 373 274	3 373 274
Receivables	180 476	180 476	216 466	216 466
<b>Total Financial Assets</b>	<u>3 520 130</u>	<u>3 520 130</u>	<u>3 589 740</u>	<u>3 589 740</u>
<b>Financial Liabilities</b>				
Payables	99 030	99 030	126 524	126 524
Other Liabilities	0	0	285 578	285 578
<b>Total Financial Liabilities</b>	<u>99 030</u>	<u>99 030</u>	<u>412 102</u>	<u>412 102</u>

The following table sets out the Public Trustee's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2009. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009

21. FINANCIAL INSTRUMENTS (continued)

(e) Maturity Analysis and Exposure to Interest Rates

Financial Assets	Floating Interest Rate		Weighted Average Interest Rate		Non-Interest Bearing		Total	
	\$				\$		\$	
	2009	2008	2009	2008	2009	2008	2009	2008
	\$	\$	%	%	\$	\$	\$	\$
Cash	3 339 654	3 373 274	5.76	7.33	-	-	3 339 654	3 373 274
Receivables	-	-			180 476	216 466	180 476	216 466
<b>Total</b>	<b>3 339 654</b>	<b>3 373 274</b>			<b>180 476</b>	<b>216 466</b>	<b>3 520 130</b>	<b>3 589 740</b>
Financial Liabilities	Floating Interest Rate		Weighted Average Interest Rate		Non-Interest Bearing		Total	
					\$			
	2009	2008	2009	2008	2009	2008	2009	2008
Payables	-	-	-	-	99 030	126 524	99 030	126 524
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>99 030</b>	<b>126 524</b>	<b>99 030</b>	<b>126 524</b>
<b>Net Financial Assets/ (Liabilities)</b>	<b>3 339 654</b>	<b>3 373 274</b>	<b>-</b>	<b>-</b>	<b>81 446</b>	<b>89 942</b>	<b>3 421 100</b>	<b>3 463 216</b>

22. COMMITMENTS

Operating Leases

Non-Cancellable Operating Lease Commitments are Payable as follows:

	2009	2008
	\$	\$
Not later than one year	235 767	218 583
Later than one year but not later than five years	297 467	528 349
Later than five years but not later than ten years	-	-
<b>Total Operating Lease Commitments</b>	<b>533 234</b>	<b>746 932</b>

The ACT Government has an operating lease with ActewAGL Distribution for part of the ground floor of 221 London Circuit, Canberra. The term of the lease is for a period of 10 years with a 5-year option. This lease commenced in September 2006.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**23. CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

*Estate Distribution*

As at 30 June 2009 the Public Trustee has a Contingent Liability of approximately **\$175,000**. This is in relation to a claim made by a beneficiary of an estate. The Public Trustee is insured by the ACT Insurance Authority should this claim from the beneficiary be successful.

**24. RECONCILIATION OF CASH AND CASH EQUIVALENTS**

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

**CASH FLOW RECONCILIATION**

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

	2009 \$	2008 \$
Total Cash and Cash Equivalents Recorded in the Balance Sheet	3 339 654	3 373 274
Cash and Cash Equivalents at the End of the Reporting Period as Recorded in the Cash Flow Statement	3 339 654	3 373 274

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

Operating (Deficit)/Surplus	(117 514)	571 557
<b>Add Non Cash Items</b>		
Depreciation	123 060	111 347
<b>Cash Before Changes in Operating Assets and Liabilities</b>	5 546	682 904
<b>Change in Operating Assets and Liabilities:</b>		
Decrease in Receivables	35 990	10 882
(Increase) in Prepayments	(17 515)	(1 051)
(Decrease)/Increase in Payables	(27 493)	42 279
Increase in Employee Benefits	259 494	56 247
<b>Net Cash Inflows from Operating Activities</b>	256 022	791 261

**25. SEGMENT REPORTING**

The Public Trustee for the Australian Capital Territory has one geographical location and one business segment.





## ACT AUDITOR-GENERAL'S OFFICE



### INDEPENDENT AUDIT REPORT

#### PUBLIC TRUSTEE FOR THE ACT TRUST ACCOUNT

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

#### Report on the financial report

I have audited the financial report of the Public Trustee for the ACT Trust Account for the year ended 30 June 2009. The financial report is comprised of the operating statements for the Common Fund Interest Account and the Guarantee and Reserve Account, balance sheet, statement of recognised income and expenses, cash flow statement and accompanying notes.

#### Responsibility for the financial report

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

#### The auditor's responsibility

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

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

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

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

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

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

### **Electronic presentation of the audited financial report**

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

### **Independence**

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

### **Audit opinion**

In my opinion, the financial report of the Public Trustee for the ACT Trust Account for the year ended 30 June 2009:

- (i) is presented in accordance with the Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Public Trustee for the ACT Trust Account as at 30 June 2009 and the results of its operations and its cash flows for the year then ended.

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



Tu Pham  
Auditor-General  
8 September 2009

**Public Trustee for the A.C.T.  
Trust Account  
Financial Report  
For the Year Ended 30 June 2009**

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**Statement of Responsibility**

In my opinion, the financial report is in agreement with the Public Trustee's Trust accounts and records and fairly reflects the financial operations of the Public Trustee Trust Account for the year ended 30 June 2009 and the financial position of the Public Trustee Trust Account on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

28 July 2009

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

OPERATING STATEMENT - COMMON FUND INTEREST ACCOUNT  
YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>INCOME</b>			
Dividends Received		2 825 972	5 931 343
Interest Received		2 737 639	3 075 341
		<u>5 563 611</u>	<u>9 006 684</u>
<b>EXPENDITURE</b>			
Interest paid to Estates and Trusts		2 314 505	2 523 252
Distributions to Estates and Trusts		2 284 385	5 078 167
Management Fees		1 117 312	1 246 461
Custodian Fees		25 269	36 505
		<u>5 741 471</u>	<u>8 884 385</u>
<b>NET OPERATING (DEFICIT)/SURPLUS</b>	<b>10</b>	<u><b>(177 860)</b></u>	<u><b>122 299</b></u>

OPERATING STATEMENT - GUARANTEE AND RESERVE ACCOUNT  
YEAR ENDED 30 JUNE 2009

	Note	2009 \$	2008 \$
<b>INCOME</b>			
Investment Income		121 032	137 651
		<u>121 032</u>	<u>137 651</u>
<b>EXPENDITURE</b>			
Management Fees		19 874	19 329
Income Commission		7 103	6 862
Consultancy Fee		9 240	55 000
Depreciation		12 350	6 493
		<u>48 567</u>	<u>87 684</u>
<b>NET OPERATING SURPLUS</b>	<b>11</b>	<u><b>72 465</b></u>	<u><b>49 967</b></u>

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

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

BALANCE SHEET AS AT 30 JUNE 2009			
	Notes	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	3	46 655 450	45 820 931
Accrued Investment Income		313 650	746 848
Unrealised Assets	4	52 185 300	60 051 621
<b>TOTAL CURRENT ASSETS</b>		<b>99 154 400</b>	<b>106 619 400</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5	232 146	244 496
Investments	3	41 133 671	44 022 863
<b>TOTAL NON-CURRENT ASSETS</b>		<b>41 365 817</b>	<b>44 267 359</b>
<b>TOTAL ASSETS</b>		<b>140 520 217</b>	<b>150 886 759</b>
<b>CURRENT LIABILITIES</b>			
Trust Liabilities	6	2 103 834	5 551 852
<b>TOTAL CURRENT LIABILITIES</b>		<b>2 103 834</b>	<b>5 551 852</b>
<b>NON-CURRENT LIABILITIES</b>			
Estates and Trusts under Administration	7	135 831 306	142 644 435
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>135 831 306</b>	<b>142 644 435</b>
<b>TOTAL LIABILITIES</b>		<b>137 935 140</b>	<b>148 196 287</b>
<b>NET ASSETS</b>		<b>2 585 077</b>	<b>2 690 472</b>
<b>EQUITY</b>			
Common Fund	10	305 261	483 121
Guarantee and Reserve Account	11	2 078 992	2 006 527
Asset Revaluation Reserve	12	200 824	200 824
<b>TOTAL EQUITY</b>		<b>2 585 077</b>	<b>2 690 472</b>

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
STATEMENT OF RECOGNISED INCOME AND EXPENSES  
FOR THE YEAR ENDED 30 JUNE 2009

	Notes		2009 \$
Opening Balance at the Beginning of the Financial Year		2 690 472	2 342 217
Operating (Deficit)/Surplus – Interest account	10	(177 860)	122 299
Operating Surplus – Guarantee and Reserve account	10	72 465	49 967
<b>Total Income and Expenses Recognised Directly in Equity</b>		<b>(105 395)</b>	<b>172 266</b>
Increase in the Asset Revaluation Reserve	12	-	175 989
<b>Closing Balance at the End of the Financial Year</b>		<b>2 585 077</b>	<b>2 690 472</b>

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2009**

	Notes	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>INFLOWS</b>			
Income Received		6 117 842	8 739 157
<b>OUTFLOWS</b>			
Interest Paid to Estates and Trusts		(4 598 891)	(7 601 419)
Other Payments		(1 178 798)	(1 364 158)
Net Cash Provided by/(Used in) Operating Activities	9	340 153	(226 420)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>INFLOWS</b>			
Proceeds from the Sale of Investments		6 856 869	199 959
<b>OUTFLOWS</b>			
Payment for the Purchase of Investments		11 036 888	-
Net Cash (Used in)/Provided by Investing Activities		(4 180 019)	199 959
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>INFLOWS</b>			
Receipts from Trusts and Estates		43 264 689	39 889 660
<b>OUTFLOWS</b>			
Payments to Trusts and Estates		(38 590 304)	(34 639 111)
Net Cash Provided by Financing Activities		4 674 385	5 250 549
Net Increase in Cash Held		834 519	5 224 088
Cash and Cash Equivalents at Beginning of Financial Year		45 820 931	40 596 843
Cash and Cash Equivalents at End of Financial Year	8	46 655 450	45 820 931

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 REPORT YEAR ENDED 30 JUNE 2009**

**1. ACTIVITIES OF THE PUBLIC TRUSTEE**

The functions of the Public Trustee are defined in the *Public Trustee Act 1985* and include the administration of deceased estates and trusts and the preparation of wills. The Public Trustee also acts as attorney and as Manager under order from Guardianship and Management of Property Tribunal. This financial report shows 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 this financial report. These policies have been consistently applied except as otherwise stated.

**a) Basis of accounting**

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

**b) Revenue Recognition**

Investment income is recognised at the fair value of the consideration received or receivable in the Operating Statement. All revenue is recognised to the extent that it is probable that the economic benefits will flow to the Public Trustee and the revenue can be reliably measured.

**c) Unrealised assets**

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

**d) Property, Plant and Equipment**

Buildings are valued at fair value in accordance with AASB 116 Property Plant and Equipment. The last revaluation of buildings was in May 2008. The valuation was performed by an independent valuer, Herron, Todd, White. The fair value of buildings is measured using current prices in a market for similar properties.

**e) Depreciation**

Depreciation is provided on Property Plant and Equipment acquired by the Public Trustee at rates which will be sufficient to write the assets off over their estimated useful lives. Non-current assets with a limited useful life are depreciated over their useful lives in a manner that reflects the consumption of their service potential. The useful life commences when an asset is ready for use. When an asset is revalued it is depreciated/amortised over the remaining useful life of that asset.



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**f) Impairment of Assets**

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

**g) Investments**

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

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

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

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

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

**f) Significant Accounting Judgements and Estimates**

In the process of applying the accounting policies listed in this note, the Public Trustee has made the following judgements that have the most significant impact on the amounts recorded in the financial report:

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

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

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

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

**CASH COMMON FUND**

	2009 \$	2008 \$
Cash at Bank	19 318	25 598
Short-Term Money Market and Interest-Bearing Deposits and Securities	46 636 132	45 795 333
<b>TOTAL CASH AND CASH EQUIVALENTS</b>	<b>46 655 450</b>	<b>45 820 931</b>

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

**INVESTMENTS**

Australian Equities Common Fund	18 465 741	28 746 387
Australian Fixed Interest Common Fund	12 916 478	13 295 810
Australian Listed Property Common Fund	3 346 239	2 882
International Equities Common Fund	6 405 213	1 977 784
<b>TOTAL INVESTMENTS</b>	<b>41 133 671</b>	<b>44 022 863</b>

The overall decrease in investments is due to the decline in the value of investments as a result of market fluctuations which have occurred due to the global financial crisis.

**4. UNREALISED ASSETS**

Unrealised assets have been brought to account as follows.

Real Estate	29 274 035	24 695 907
Nursing Home/Retirement Village Bonds	7 862 472	6 634 532
Shares	8 191 682	15 958 388
Superannuation Policies	804 766	1 455 148
Investments	5 925 740	11 161 481
Personal Effects	126 605	146 165
	<b>52 185 300</b>	<b>60 051 621</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

**4. UNREALISED ASSETS (continued)**

The decrease in Unrealised Assets is attributable to a decrease in the value of shares, superannuation policies and investments under management. This is due to the global financial crisis and the effect it has had on the value these assets.

**5. PROPERTY, PLANT AND EQUIPMENT**

Leasehold building	247 000	247 000
Less: Accumulated Depreciation	14 854	2 504
	232 146	244 496

An independent valuation of the Public Trustee warehouse at Mitchell was performed during the financial year ending 30 June 2008. The valuation indicated the value of the warehouse exceeded its carrying amount. Consequently the asset was revalued.

**6. TRUST LIABILITIES**

Trust liabilities have been brought to account as follows.

Mortgages	96 934	74 112
Funeral Expenses	12 804	40 508
Bank Loans and Credit Cards	30 903	20 497
Medical/Dental Costs	16 852	10 320
Property/Utility Costs	21 201	48 780
Sundry Debts	47 191	54 282
Funds Transferred from Cash Common Fund yet to be Invested	1 877 949	5 303 353
	2 103 834	5 551 852

Trust Liabilities have decreased due to the value of funds transferred from cash investments and transferred to the Common Fund controls pending investment decreasing during the year.

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

**7. ESTATES AND TRUSTS UNDER ADMINISTRATION**

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

	2009 \$	2008 \$
Deceased Estates	26 128 604	34 473 206
Power of Attorney	19 947 397	14 964 157
Court Trusts	38 469 803	42 141 751
Protected Estates	863 331	409 592
Estate Trusts	16 302 758	17 361 641
Proceeds of Crime	4 841	5 668
Cemetery Trusts	888 901	821 258
Management Orders	23 556 729	26 945 307
Unclaimed Monies	9 670 090	5 519 136
Other	(1 148)	2 719
	<u>135 831 306</u>	<u>142 644 435</u>

Due to a slight decrease in the number estate clients and the value of their portfolios, the value under Administration balance has decreased accordingly. Although the number of power of attorney clients have remained relatively stable, the balance of their portfolios overall have increased. Court trust clients have stayed relatively stable, the value of their assets have decreased due to a large number of clients being invested in Common Funds. The Common Funds have decreased in value as they are affected by market fluctuations which have occurred due to the global financial crisis.

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 2008 to 30 June 2009.

**8. RECONCILIATION OF CASH**

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

Cash at Bank	19 318	25 598
Cash Equivalents	46 636 132	45 795 333
Total Cash and Cash Equivalents	<u>46 655 450</u>	<u>45 820 931</u>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

**9. RECONCILIATION OF NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES TO OPERATING SURPLUS/(DEFECIT)**

	2009 \$	2008 \$
Operating (Loss)/Surplus - Interest account	(177 860)	122 299
Operating Surplus - Guarantee and Reserve Account	72 465	49 967
Increase/(Decrease) in Accrued Income	433 198	(405 179)
Depreciation	12 350	6 493
Net Cash Provided by/(Used in) Operating Activities	<u>340 153</u>	<u>(226 420)</u>

**10. 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 quarterly 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*.

Movements in the interest account reserve were as follows.

Balance at the Beginning of the Financial Year	483 121	360 822
Operating (Deficit)/Surplus	<u>(177 860)</u>	<u>122 299</u>
Balance at the End of the Financial Year	<u>305 261</u>	<u>483 121</u>

**11. 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 the Beginning of the Financial Year	2 006 527	1 956 560
Operating Surplus	<u>72 465</u>	<u>49 967</u>
Balance at the End of the Financial Year	<u>2 078 992</u>	<u>2 006 527</u>



**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

**12. ASSET REVALUATION RESERVE**

	2009 \$	2008 \$
Balance at the Beginning of the Financial Year	200 824	24 835
Revaluation of Property, Plant and Equipment	0	175 989
Balance at the End of the Financial Year	200 824	200 824

**13. FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

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

The Public Trustee's financial assets consist of cash and cash equivalents. Current liabilities consist of unpaid client accounts that are owing at the end of the financial year as well as funds that have been transferred from the cash common fund and are awaiting investment.

The Public Trustee's maximum exposure to interest rate risk relating to the financial assets is shown below in Note 13(f): 'Maturity Analysis and Exposure to Interest Rates'.

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

Due to the economic downturn in 2008-09 interest rates decreased during the year ended 30 June 2009 which has resulted in a reduction in the amount of interest received.

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

**(b) Credit Risk**

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

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT**  
**NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

**13. FINANCIAL INSTRUMENTS (continued)**

**(b) Credit Risk (continued)**

that the Public Trustee is investing in those financial institutions which have a more secure rating than other financial institutions.

The Public Trustee's maximum exposure to credit risk relating to these financial assets and liabilities are shown below in Note 13(f): 'Maturity Analysis and Exposure to Interest Rates'.

**(c) Liquidity Risk**

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

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

The Public Trustee's maximum exposure to liquidity risk relating to these financial assets and liabilities is shown below in Note 13(f): 'Maturity Analysis and Exposure to Interest Rates'.

**(d) Price Risk**

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

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

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

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009**

**13. FINANCIAL INSTRUMENTS (continued)**

**Sensitivity Analysis**

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are "reasonably possible" over the next 12 months if unit values change by +/- 7.05%, which is one standard deviations from the 2008-09 average unit price.

	Carrying Amount	Profit/(Loss) -7.05%	Equity -7.05%	Profit/(Loss) 7.05%	Equity 7.05%
<b>Financial Assets</b>					
Investments	41 133 671	(2 899 924)	(2 899 924)	2 899 924	2 899 924

**(e) Fair Value of Financial Assets and Liabilities**

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

	Carrying Amount 2009 \$	Fair Value 2009 \$	Carrying Amount 2008 \$	Fair Value 2008 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	46 655 450	46 655 450	45 820 931	45 820 931
Investments	41 133 671	41 133 671	44 022 863	44 022 863
<b>Total Financial Assets</b>	<u>87 789 121</u>	<u>87 789 121</u>	<u>89 843 794</u>	<u>89 843 794</u>
<b>Financial Liabilities</b>				
Trust Liabilities	2 103 834	2 103 834	5 551 852	5 551 852
<b>Total Financial Liabilities</b>	<u>2 103 834</u>	<u>2 103 834</u>	<u>5 551 852</u>	<u>5 551 852</u>

The following table sets out the Public Trustee's maturity analysis for financial assets and liabilities as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2009. All financial assets and liabilities which have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.



PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT YEAR ENDED 30 JUNE 2009

13. FINANCIAL INSTRUMENTS (continued)

(f) Maturity Analysis and Exposure to Interest Rates

Financial Assets	Floating Interest Rate		Weighted Average Interest Rate		Non-Interest Bearing		Total	
	2009 \$	2008 \$	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$
Cash and Cash Equivalents	46 655 450	45 820 931	5.34	6.15	-	-	46 655 450	45 820 931
Investments	41 133 671	44 022 863	6.05	6.96	-	-	41 133 671	44 022 863
<b>Total</b>	<b>87 789 121</b>	<b>89 843 794</b>			<b>-</b>	<b>-</b>	<b>87 789 121</b>	<b>89 843 794</b>
Financial Liabilities	Floating Interest Rate		Weighted Average Interest Rate		Non-Interest Bearing		Total	
	2009 \$	2008 \$	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$
Trust Liabilities	-	-			2 103 834	5 551 852	2 103 834	5 551 852
<b>Total</b>	<b>-</b>	<b>-</b>			<b>2 103 834</b>	<b>5 551 852</b>	<b>2 103 834</b>	<b>5 551 852</b>
<b>Net Financial Assets/ (Liabilities)</b>	<b>87 789 121</b>	<b>89 843 794</b>			<b>(2 103 834)</b>	<b>(5 551 852)</b>	<b>85 685 287</b>	<b>84 290 942</b>



## ACT AUDITOR-GENERAL'S OFFICE



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

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

#### Report on the financial report

I have audited the financial report of the Capital Region Community Foundation Gift Fund for the year ended 30 June 2009. The financial report is comprised of the operating statement, balance sheet, statement of recognised income and expense, cash flow statement and accompanying notes.

#### Responsibility for the financial report

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

#### The auditor's responsibility

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

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

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

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

The audit is not designed to provide assurance on the prudence of decisions made by the Capital Region Community Foundation Gift Fund.

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

**Electronic presentation of the audited financial report**

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

**Independence**

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

**Audit opinion**

In my opinion, the financial report of the Capital Region Community Foundation Gift Fund for the year ended 30 June 2009:

- (i) is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Capital Region Community Foundation Gift Fund as at 30 June 2009 and the results of its operations and its cash flows for the year then ended.

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



Tu Pham  
Auditor-General  
3 September 2009

**Capital Region Community Foundation  
Gift Fund  
Financial Report  
For the Year Ended 30 June 2009**

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**Statement of Responsibility**

In my opinion, the financial report is in agreement with the Capital Region Community Foundation Gift Fund accounts and records and fairly reflects the operations of the Gift Fund for the year ended 30 June 2009 and the financial position of the Gift Fund on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

28 July 2009

## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>INCOME</b>			
Gifts and Settlements	3	867 679	2 932 694
Interest	3	18 180	16 275
Dividends	3	273 039	271 892
Rent	3	9 194	8 833
Gain on Investments	3	80 000	-
<b>Total Income</b>		<b>1 248 092</b>	<b>3 229 694</b>
<b>EXPENSES</b>			
Funds Transferred to Beneficiaries	4	280 312	159 176
Administration	4	17 068	15 665
Investment Property Expenses	4	1 272	1 188
Other	4	4 079	6 366
Loss on Investments	4	690 524	815 777
<b>Total Expenses</b>		<b>993 255</b>	<b>998 172</b>
<b>OPERATING SURPLUS</b>		<b>254 837</b>	<b>2 231 522</b>

The above statement should be read in conjunction with the following notes.

## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	471 922	237 544
<b>TOTAL CURRENT ASSETS</b>		<u>471 922</u>	<u>237 544</u>
<b>NON-CURRENT ASSETS</b>			
Investments	6	4 208 322	4 267 753
Investment Property	7	<u>250 000</u>	<u>170 000</u>
<b>TOTAL NON-CURRENT ASSETS</b>		<u>4 458 322</u>	<u>4 437 753</u>
<b>TOTAL ASSETS</b>		<u><u>4 930 244</u></u>	<u><u>4 675 297</u></u>
<b>CURRENT LIABILITIES</b>			
Accrued Expenses		<u>2 420</u>	<u>2 310</u>
<b>TOTAL CURRENT LIABILITIES</b>		<u>2 420</u>	<u>2 310</u>
<b>TOTAL LIABILITIES</b>		<u>2 420</u>	<u>2 310</u>
<b>NET ASSETS</b>		<u><u>4 927 824</u></u>	<u><u>4 672 987</u></u>
<b>EQUITY</b>			
Accumulated Funds		<u>4 927 824</u>	<u>4 672 987</u>
<b>Total Equity</b>		<u><u>4 927 824</u></u>	<u><u>4 672 987</u></u>

The above statement should be read in conjunction with the following notes.

## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

	2009	2008
	\$	\$
Balance at the Beginning of the Reporting Period	4 672 987	2 441 465
Operating Surplus	<u>254 837</u>	<u>2 231 522</u>
Total Income and Expense Recognised Directly in Equity	254 837	2 231 522
Balance at the End of the Reporting Period	<u>4 927 824</u>	<u>4 672 987</u>

The above statement should be read in conjunction with the following notes.



## CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Gifts and Settlements		867 679	1 163 672
Interest		18 180	16 275
Dividends		273 039	271 892
Rent		9 194	8 833
<b>Total Receipts from Operating Activities</b>		<b>1 168 092</b>	<b>1 460 672</b>
<b>PAYMENTS</b>			
Administration		17 068	15 665
Rental		1 272	1 188
Other		3 969	6 056
Funds Transferred to Beneficiaries		280 312	159 176
<b>Total Payments from Operating Activities</b>		<b>302 621</b>	<b>182 085</b>
<b>Net Cash Inflows from Operating Activities</b>	10	<b>865 471</b>	<b>1 278 587</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>PAYMENTS</b>			
Purchase of Investments		631 093	1 146 672
<b>Net Cash Outflows from Investing Activities</b>		<b>(631 093)</b>	<b>(1 146 672)</b>
<b>Net Increase in Cash Held</b>		<b>234 378</b>	<b>131 915</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		237 544	105 629
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	5	<b>471 922</b>	<b>237 544</b>

The above statement should be read in conjunction with the following notes.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

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

**2. 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 this financial report. These policies have been consistently applied except as otherwise stated.

**(a) Basis of Accounting**

The financial report has been prepared on an accrual basis. The report has been prepared under the historical cost convention method and does not reflect changing money values of non-current assets except where stated.

**(b) Comparative Figures**

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

**(c) Rounding**

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

**(d) Revenue Recognition**

**(i) Gifts**

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

**(ii) Interest**

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

**(iii) Dividend Income**

Dividends received are brought to account as revenue when they have been earned.

**(iv) Rent**

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

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Expense Recognition**

**(i) Funds Transferred to Beneficiaries**

Funds Transferred to Beneficiaries are brought to account as expenses when incurred.

**(ii) Administration**

Administration charges are brought to account as expenses when incurred.

**(iii) Investment Property Expenses**

Investment Property Expenses are brought to account as expenses when incurred.

**(iv) Other**

Other expenses are brought to account as expenses when incurred.

**(f) Investments**

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

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

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

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

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

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

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(g) Non-Current Property Investment**

The last revaluation of the property was performed during the financial year ending 30 June 2009. The valuation was performed by a member of Hodgkinson Real Estate, who holds a recognised and relevant professional qualification. The valuation indicated the fair value of the investment property exceeded its carrying amount. Rental income and direct operating expenses relating to the investment property are recognised in the profit and loss statement.

<b>Investment Property</b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Carrying amount at the Beginning of the Reporting Period	170 000	170 000
Revaluation	80 000	-
<b>Carrying Amount at the End of the Reporting Period</b>	<b>250 000</b>	<b>170 000</b>

**3. INCOME**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Gifts/Settlements	867 679	2 932 694
Interest	18 180	16 275
Dividends	273 039	271 892
Rent	9 194	8 833
Gain On Investment Property	80 000	-
	<b>1 248 092</b>	<b>3 229 694</b>

Gifts and Settlements have decreased this year due to the decrease in new estate settlements transferred from Public Trustee estate distributions.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**4. EXPENSES**

	2009 \$	2008 \$
Funds Transferred to Beneficiaries	280 312	159 176
Administration	17 068	15 665
Property Expenses	1 272	1 188
Other	4 079	6 366
Loss on Investments	690 524	815 777
	<u>993 255</u>	<u>998 172</u>

The Foundation Board has recommended the Trustee make further distributions from income received including 3 fund transfers and 10 scholarships as part of the ongoing youth programme.

Administration costs mainly relate to fees and charges and are commission based. The higher the income received from invested funds, the higher the administration charge.

Due to a downturn in the market as a result of the global financial crisis, there was a loss on invested funds.

**5. CASH AND CASH EQUIVALENTS**

Excess credit balances, as at 30 June 2009, were pooled with credit balances in the Public Trustee Cash Common Fund for investment purposes.

	2009 \$	2008 \$
Cash	11 922	17 544
Short-Term Money Market and Interest - Bearing Deposits and Securities Cash	460 000	220 000
	<u>471 922</u>	<u>237 544</u>

**6. INVESTMENTS**

Public Trustee Growth Fund (see Note 2(f))	3 261 400	2 754 497
Share Portfolio	946 921	1 513 256
	<u>4 208 321</u>	<u>4 267 753</u>

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**7. INVESTMENT PROPERTY**

Property Investment (see Note 2(g))	250 000	170 000
	<u>250 000</u>	<u>170 000</u>

**8. FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

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

The Capital Region Community Foundation Gift Fund's financial assets consist of cash and cash equivalents, these are held in floating interest arrangements. The Capital Region Community Foundation Gift Fund is exposed to movements in the amount of interest it may earn on cash and cash equivalents.

The Capital Region Community Foundation Gift Fund's maximum exposure to interest rate risk relating to these financial assets is shown below in Note 8(f): 'Maturity Analysis and Exposure to Interest Rates

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates. Due to the economic downturn in 2008-09 interest rates decreased during the year ended 30 June 2009 which has resulted in a reduction in the amount of interest received.

However, as the Capital Region Community Foundation Gift Fund's operating cash flows are not significantly dependant on interest earned from cash and cash equivalents, so a sensitivity analysis of the interest rate risk has not been performed.

**(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Capital Region Community Foundation Gift Fund's credit risk is limited to the amount of the financial assets it holds net of any provision for impairment. The Capital Region Community Foundation Gift Fund expects to collect all financial assets that are not past due or impaired.

Credit risk is managed by the Capital Region Community Foundation Gift Fund for investments by only investing surplus funds with various financial institutions, who have an "A" credit rating or greater. The "A" credit rating ensures that the Capital Region Community Foundation Open Fund is investing in those financial institutions which have a more secure rating than other financial institutions.



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**8. FINANCIAL INSTRUMENTS (continued)**

**(b) Credit Risk (continued)**

The Capital Region Community Foundation Gift Fund's maximum exposure to credit risk relating to the financial assets and liabilities is shown below in Note 8(f): 'Maturity Analysis and Exposure to Interest Rates'.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Capital Region Community Foundation Gift Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Capital Region Community Foundation Gift Fund ensures that it has a large portion of its financial liabilities maturing in any one financial year so that funds are available to meet client needs and also ensures that at any particular point in time it has a sufficient amount of current financial assets to meet its current financial liabilities.

The Capital Region Community Foundation Gift Fund's exposure to liquidity risk and the management of this risk has not changed since last financial year.

The Capital Region Community Foundation Gift Fund's maximum exposure to liquidity risk relating to the financial assets and liabilities is shown below in Note 8(f): 'Maturity Analysis and Exposure to Interest Rates'.

**(d) Price Risk**

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

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

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

The Capital Region Community Foundation Gift Fund's exposure to price risk and the management of this risk is monitored continuously under risk management strategies set and supervised under the advice of the Capital Region Community Foundation Gift Fund Investment Board.



**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**8. FINANCIAL INSTRUMENTS (continued)**

**(d) Price Risk (continued)**

**Sensitivity Analysis**

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are "reasonably possible" over the next 12 months if unit values change by +/- 7.05%, which is one standard deviations from the 2008-09 average unit price.

	Carrying Amount	Profit/(Loss) -7.05%	Equity -7.05%	Profit/(Loss) +7.05%	Equity +7.05%
<b>Financial Assets</b>					
Investments	4 208 321	(296 687)	(296 687)	296 687	296 687

**(e) Fair Value of Financial Assets**

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

	Carrying Amount 2009 \$	Fair Value 2009 \$	Carrying Amount 2008 \$	Fair Value 2008 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	471 922	471 922	237 544	237 544
Investments	4 208 321	4 208 321	4 267 753	4 267 753
<b>Total Financial Assets</b>	<b>4 680 243</b>	<b>4 680 243</b>	<b>4 505 297</b>	<b>4 505 297</b>

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**9. RELATED PARTY DISCLOSURES**

Paragraph 6 of the Capital Region Community Foundation Gift Fund Declaration of Trust provides that for the purpose of recommending the allocation of income and capital of the fund the Trustee will act upon advice from Capital Region Community Foundation Gift Fund Board.

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

Hon Margaret Reid AO  
Diane Kargas  
Catherine Andrews  
Councillor Paul Braybrooks  
Bea Brickhill  
Michael Byrne  
Jennie Cameron  
Diana Forrester  
Richard Gibson  
Doug Gillespie  
Chic Henry  
Larry King  
Sarah Palic  
Chris Peters AM  
Grant Alleyn

- (b) No members of the Board received remuneration for services provided to the Fund during the year.
- (c) There were no related party transactions between the Capital Region Community Foundation Gift Fund and the members of the Board, or parties related to members of the Board.

**CAPITAL REGION COMMUNITY FOUNDATION GIFT FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

For the purpose of the Cash Flow Statement cash includes cash on hand and in banks. Cash and Cash Equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the equivalent items in the balance sheet as follows:

	2009 \$	2008 \$
Cash and Cash Equivalents	471 922	237 544
Operating Surplus	174 837	2 231 522
<b>Add/(Less) Items Classified as Investing or Financing</b>		
Loss/ on Investments	690 524	815 777
Transfer of share portfolio from Public Trustee Trust account as per will instruction	-	(1 769 022)
<b>(Add)/Less Non-Cash Items</b>		
Accrued Expenses	110	310
<b>Net Cash Inflows from Operating Activities</b>	<u>865 471</u>	<u>1 278 587</u>

**11. AUDITOR'S REMUNERATION**

Remuneration paid to the ACT Auditor-General's Office for auditing the Financial Report for the Reporting Period.

2 420	2 310
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No other services were provided by the ACT Auditor-General's Office during the reporting period.



## ACT AUDITOR-GENERAL'S OFFICE



### INDEPENDENT AUDIT REPORT CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

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

#### Report on the financial report

I have audited the financial report of the Capital Region Community Foundation Open Fund for the year ended 30 June 2009. The financial report is comprised of the operating statement, balance sheet, statement of recognised income and expense, cash flow statement and accompanying notes.

#### Responsibility for the financial report

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

#### The auditor's responsibility

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

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

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

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

The audit is not designed to provide assurance on the prudence of decisions made by the Capital Region Community Foundation Open Fund.

**Electronic presentation of the audited financial report**

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

**Independence**

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

**Audit opinion**

In my opinion, the financial report of the Capital Region Community Foundation Open Fund for the year ended 30 June 2009:

- (i) is presented in accordance with Accounting Standards and other mandatory financial reporting requirements in Australia; and
- (ii) presents fairly the financial position of the Capital Region Community Foundation Open Fund as at 30 June 2009 and the results of its operations and its cash flows for the year then ended.

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



Tu Pham  
Auditor-General  
5 September 2009

**Capital Region Community Foundation  
Open Fund  
Financial Report  
For the Year Ended 30 June 2009**

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**Statement of Responsibility**

In my opinion, the financial report is in agreement with the Capital Region Community Foundation Open Fund accounts and records and fairly reflects the operations of the Open Fund for the year ended 30 June 2009 and the financial position of the Open Fund on that date.



Andrew Taylor  
Chief Executive  
Public Trustee ACT

28 July 2009

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>INCOME</b>			
Gifts and Settlements	3	12 260	380
Interest	3	1 223	2 333
Dividends	3	16 807	35 533
<b>Total Income</b>		<b>30 290</b>	<b>38 246</b>
<b>EXPENSES</b>			
Donations	4	19 300	1 200
Administration	4	992	2 083
Other	4	14 742	3 720
Loss on Investments	4	58 934	70 435
<b>Total Expenses</b>		<b>93 968</b>	<b>77 438</b>
<b>OPERATING (DEFICIT)</b>		<b>(63 678)</b>	<b>(39 192)</b>

The above statement should be read in conjunction with the following notes.



## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## BALANCE SHEET

AS AT 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash and Cash Equivalents	5	14 044	30 178
<b>TOTAL CURRENT ASSETS</b>		<u>14 044</u>	<u>30 178</u>
<b>NON-CURRENT ASSETS</b>			
Investments	5	247 601	295 035
<b>TOTAL NON-CURRENT ASSETS</b>		<u>247 601</u>	<u>295 035</u>
<b>TOTAL ASSETS</b>		<u>261 645</u>	<u>325 213</u>
<b>CURRENT LIABILITIES</b>			
Accrued Expenses		2 420	2 310
<b>TOTAL CURRENT LIABILITIES</b>		<u>2 420</u>	<u>2 310</u>
<b>TOTAL LIABILITIES</b>		<u>2 420</u>	<u>2 310</u>
<b>NET ASSETS</b>		<u>259 225</u>	<u>322 903</u>
<b>EQUITY</b>			
Accumulated Funds		<u>259 225</u>	<u>322 903</u>
<b>Total Equity</b>		<u>259 225</u>	<u>322 903</u>

The above statement should be read in conjunction with the following notes.

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## STATEMENT OF RECOGNISED INCOME AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2009

	2009 \$	2008 \$
Balance at the Beginning of the Reporting Period	322 903	362 095
Operating (Deficit)	<u>(63 678)</u>	<u>(39 192)</u>
Total Income and Expenses recognised Directly in Equity	(63 678)	(39 192)
Balance at the End of the Reporting Period	<u>259 225</u>	<u>322 903</u>

The above statement should be read in conjunction with the following notes.

## CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 \$	2008 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>RECEIPTS</b>			
Gifts and Settlements		12 260	380
Interest		1 223	2 333
Dividends		16 807	35 533
<b>Total Receipts from Operating Activities</b>		<b>30 290</b>	<b>38 246</b>
<b>PAYMENTS</b>			
Donations		(19 300)	(1 200)
Administration		(992)	(2 083)
Other		(14 632)	(3 410)
<b>Total Payments from Operating Activities</b>		<b>(34 924)</b>	<b>(6 693)</b>
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>	8	<b>(4 634)</b>	<b>31 553</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>PAYMENTS</b>			
Purchase of Investments		(11 500)	(32 576)
<b>Net Cash Outflows from Investing Activities</b>		<b>(11 500)</b>	<b>(32 576)</b>
<b>Net (Decrease) in Cash Held</b>		<b>(16 134)</b>	<b>(1 023)</b>
Cash and Cash Equivalents at the Beginning of the Reporting Period		30 178	31 201
<b>Cash and Cash Equivalents at the End of the Reporting Period</b>	5	<b>14 044</b>	<b>30 178</b>

The above statement should be read in conjunction with the following notes.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

The Fund is a public fund established under the Declaration of Trust dated 14 March 2003 to receive settlements and contributions of money and property from persons and their legal representatives and to distribute income to designated charities endorsed under sub-division 50-B of the *Income Tax Assessment Act 1997*.

**2. 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 report has been prepared on an accrual basis. The report has been prepared under the historical cost convention method and does not reflect changing money values of non-current assets except where stated.

**(b) Comparative Figures**

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

**(c) Rounding**

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

Use of "-" represents amounts rounded down to zero.

**(d) Revenue Recognition**

**(i) Gifts and Settlements**

Gifts are received from the community, businesses and fund raising to assist designated charities. Gifts received are brought to account as revenue on receipt of these funds.

**(ii) Interest Income**

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

**(iii) Dividends**

Dividends received are brought to account as revenue when they have been earned.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**(e) Expense Recognition**

**(i) Donations**

Donations paid are brought to account as expenses when incurred.

**(ii) Administration**

Administration charges are brought to account as expenses when incurred.

**(iii) Other**

Other expenses are brought to account as expenses when incurred.

**(f) Investments**

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

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

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

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

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

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

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**3. INCOME**

	2009 \$	2008 \$
Gifts and Settlements	12 260	380
Interest	1 223	2 333
Dividends	16 807	35 533
	<u>30 290</u>	<u>38 246</u>

Settlement of new funds into the Open Fund has increased this financial year. This is due to the success of fundraising events. Dividend revenue has decreased due to a downturn in the market as a result of the global financial crisis.

**4. EXPENSES**

	2009 \$	2008 \$
Donations	19 300	1 200
Administration	992	2 083
*Other	14 742	3 720
Loss on Investments	58 934	70 435
	<u>93 968</u>	<u>77 438</u>

Donations have increased considerably this year as the Foundation Board had made recommendations in regard to the distribution of funds prior to 30 June 2008, since this date grant applications have been received and evaluated. Other expenses have increased due to an increase in marketing and an increase in membership fees.

\*Other expenses include costs for marketing, membership and audit fees.

Due to a downturn in the market as a result of the global financial crisis, there was a significant loss on invested funds.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**5. CASH AND CASH EQUIVALENTS AND INVESTMENTS**

Excess credit balances, as at 30 June 2009, were pooled with credit balances in the Public Trustee Cash Common Fund for investment purposes.

CASH AND CASH EQUIVALENTS	2009	2008
Cash	4 044	10 178
Short-Term Money Market and Interest - Bearing Deposits and Securities Cash	10 000	20 000
	<u>14 044</u>	<u>30 178</u>

**INVESTMENTS**

Public Trustee Growth Fund	247 601	295 035
	<u>247 601</u>	<u>295 035</u>

**6. FINANCIAL INSTRUMENTS**

**(a) Interest Rate Risk**

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

The Capital Region Community Foundation Open Fund's financial assets consist of cash and cash equivalents, these are held in floating interest arrangements. The Capital Region Community Foundation Open Fund is exposed to movements in the amount of interest it may earn on cash and cash equivalents.

The Capital Region Community Foundation Open Fund's maximum exposure to interest rate risk relating to these financial assets is shown below in Note 6(f); 'Maturity Analysis and Exposure to Interest Rates'.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to movements in market interest rates. Due to the economic downturn in 2008-09 interest rates decreased during the year ended 30 June 2009 which has resulted in a reduction in the amount of interest received.

However, as the Capital Region Community Foundation Open Fund's operating cash flows are not significantly dependant on interest earned from cash and cash equivalents, so a sensitivity analysis of the interest rate risk has not been performed.



**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**6. FINANCIAL INSTRUMENTS (continued)**

**(b) Credit Risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Capital Region Community Foundation Open Fund's credit risk is limited to the amount of the financial assets it holds net of any provision for impairment. The Capital Region Community Foundation Open Fund expects to collect all financial assets that are not past due or impaired.

Credit risk is managed by the Capital Region Community Foundation Open Fund for investments by only investing surplus funds with various financial institutions, who have an "A" credit rating or greater. The "A" credit rating ensures that the Capital Region Community Foundation Open Fund is investing in those financial institutions which have a more secure rating than other financial institutions.

There is no other collateral held as security for financial assets. There has been a change in credit risk since last reporting period. Investments are now structured with the highest rating banks to ensure more security over funds invested.

The Capital Region Community Foundation Open Fund's maximum exposure to credit risk relating to the financial assets is shown below in Note 6(f): 'Maturity Analysis and Exposure to Interest Rates'.

**(c) Liquidity Risk**

Liquidity risk is the risk that the Capital Region Community Foundation Open Fund will encounter difficulty in meeting obligations associated with financial liabilities. The Capital Region Community Foundation Open Fund ensures that it has a large portion of its financial liabilities maturing in any one financial year so that funds are available to meet client needs and also ensures that at any particular point in time it has a sufficient amount of current financial assets to meet its current financial liabilities.

The Capital Region Community Foundation Open Fund's exposure to liquidity risk and the management of this risk has not changed since last financial year.

The Capital Region Community Foundation Open Fund's maximum exposure to Liquidity risk relating to the financial assets and liabilities is shown below in Note 6(f): 'Maturity Analysis and Exposure to Interest Rates'.

**(d) Price Risk**

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

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**(d) Price Risk (continued)**

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

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

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

**Sensitivity Analysis**

Taking into account past performance, future expectations and economic forecasts, the impact on profit or loss and the impact on equity in the table below are "reasonably possible" over the next 12 months if unit values change by +/- 7.05%, which is one standard deviations from the 2008-09 average unit price.

	Carrying Amount	Profit/(Loss) -7.05%	Equity -7.05%	Profit/(Loss) +7.05%	Equity +7.05%
<b>Financial Assets</b>					
Investments	247 601	(17 456)	(17 456)	17 456	17 456

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**6. FINANCIAL INSTRUMENTS (Continued)**

**(e) Fair Value of Financial Assets**

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

	Carrying Amount 2009 \$	Fair Value 2009 \$	Carrying Amount 2008 \$	Fair Value 2008 \$
<b>Financial Assets</b>				
Cash and Cash Equivalents	14 044	14 044	30 178	30 178
Investments	247 601	247 601	295 035	295 035
<b>Total Financial Assets</b>	<b>261 645</b>	<b>261 645</b>	<b>325 213</b>	<b>325 213</b>

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

The following table sets out the Capital Region Community Foundation Open Fund's maturity analysis for financial assets as well as the exposure to interest rates, including the weighted average interest rates by maturity period as at 30 June 2009. All financial assets that have a floating interest rate or are non-interest bearing will mature in 1 year or less. All amounts appearing in the following maturity analysis are shown on an undiscounted cash flow basis.

Financial Assets	Floating Interest Rate		Weighted Average Interest Rate		Non-Interest Bearing		Total	
	2009 \$	2008 \$	2009 %	2008 %	2009 \$	2008 \$	2009 \$	2008 \$
Cash and Cash Equivalents	14 044	30 178	5.34	6.15	-	-	14 044	30 178
Investments			6.05	7.63	247 601	295 035	247 601	295 035
<b>Total</b>	<b>14 044</b>	<b>30 178</b>			<b>247 601</b>	<b>295 035</b>	<b>261 645</b>	<b>325 213</b>
<b>Net Financial Assets</b>	<b>14 044</b>	<b>30 178</b>			<b>247 601</b>	<b>295 035</b>	<b>261 645</b>	<b>325 213</b>

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

**7. RELATED PARTY DISCLOSURES**

Paragraph 6 of the Capital Region Community Foundation Open Fund Declaration of Trust provides that for the purpose of recommending the allocation of income and capital of the fund the Trustee will act upon advice from Capital Region Community Foundation Open Fund Board.

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

Hon Margaret Reid AO  
Diane Kargas  
Catherine Andrews  
Councillor Paul Braybrooks  
Bea Brickhill  
Michael Byrne  
Jennie Cameron  
Diana Forrester  
Richard Gibson  
Doug Gillespie  
Chic Henry  
Larry King  
Sarah Palic  
Chris Peters AM  
Grant Alleyn

- (b) No members of the Board received remuneration for services provided to the Fund during the year.
- (c) There were no related party transactions between the Capital Region Community Foundation Open Fund and the members of the Board, or parties related to members of the Board.

**CAPITAL REGION COMMUNITY FOUNDATION OPEN FUND  
NOTES TO AND FORMING PART OF THE FINANCIAL REPORT  
FOR THE YEAR ENDED 30 JUNE 2009**

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

For the purpose of the Cash Flow Statement cash includes cash on hand and in banks. Cash and Cash Equivalents at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the equivalent items in the Balance Sheet as follows:

	2009 \$	2008 \$
Cash and Cash Equivalents	14 044	31 201
Operating (Deficit)	(63 678)	(39 192)
<b>(Less)/Add Items Classified as Investing or Financing</b>		
Loss on Investments	58 934	70 435
<b>Add/(Less) Non-Cash Items</b>		
Accrued expenses	110	310
<b>Net Cash (Outflows)/Inflows from Operating Activities</b>	<b>(4 634)</b>	<b>31 553</b>

**9. AUDITOR'S REMUNERATION**

Remuneration paid to the ACT Auditor-General's Office for auditing the Financial Report for the Reporting Period.	2 420	2 310
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No other services were provided by the ACT Auditor-General's Office during the reporting period.



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