



annual
report 1998–1999

PUBLIC TRUSTEE FOR THE
AUSTRALIAN CAPITAL TERRITORY





*Public Trustee
for the Australian
Capital Territory*

Annual Report 1998–99

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Mr Gary Humphries MLA
Minister for Justice and Community Safety
ACT Legislative Assembly
London Circuit
CANBERRA ACT 2601

Dear Minister

I am pleased to present the Public Trustee's Annual Report for the year ended 30 June 1999.

This Report has been prepared under subsection 8(5)(a) of the *Annual Reports (Government Agencies) Act 1995* 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 of the operations of the Public Trustee during the period 1 July 1998 to 30 June 1999 and complies with those directions.

Section 14 of the *Annual Reports (Government Agencies) Act 1995* requires that you cause a copy of the Report to be laid before the Legislative Assembly within six sitting days of receiving the Report.

Yours sincerely

Diane Kargas

Public Trustee ACT

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Public Trustee for the ACT

PART A Public Trustee's Role

The Public Trustee is a Public Authority created to offer and provide permanent and secure trustee services to the ACT Community.

These services are:

- » Preparation of Wills where the Office is named as executor or co-executor,
- » Administration of deceased estates under will or intestacy,
- » Trustee for life interest estates and persons lacking legal capacity,
- » Financial management under Enduring Power of Attorney and under Order of the Guardianship and Management of Property Tribunal,
- » Examination of accounts of external managers under the Guardianship and Management of Property Act,
- » Asset services in relation to Proceeds of Crime forfeitures; and
- » Safe custody services for established clients.

Purpose of the Public Trustee

*to provide quality trustee and related services to all
people in the ACT*

Public Trustee's Vision

*to be people's first thought and choice for trustee and
related services*

Public Trustee's Values

above all else we value honesty, integrity and respect

Corporate Statement

The first Public Trustee for the Australian Capital Territory was appointed in 1986 to provide ACT community with permanent and secure trustee services to assist in the management of their estates and/or financial affairs.

The Public Trustee is a corporation sole, which reports to the Minister for Justice and Community Safety. The Office was established by the *Public Trustee Act 1985* which replaced and expanded the functions of the former Curator of Estates of Deceased Persons.

Fees and Commissions are charged for services provided by the Office in accordance with factors such as the value of the services delivered, responsibilities assumed and the client's capacity to pay. Fees and Commissions are set by Determination of the Minister under section 75 of the Public Trustee Act.

The Department of Justice and Community Safety provides a special purpose payment towards the provision of Community Service Obligations.

Corporate Objectives

The corporate objectives of the Public Trustee are: –

- » to ensure that the ACT community has access to professional services that provide for the preparation of Wills, estate administration, trustee, management and related services, in accordance with Section 13 of the *Public Trustee Act 1985*;
- » to ensure that the capital and financial interests of clients, estates and beneficiaries are protected by sound investment, in accordance with Section 14 of the Trustee Act NSW 1925 – 1942; and real property managed in accordance with Section 21 of the *Public Trustee Act 1985*;
- » to provide the ACT Government with a return on its investment through efficient and effective management of the financial operations of the Office in accordance with Section 54 of the *Financial Management Act 1996*; and
- » to manage the Office's resources to ensure they achieve at least the operating results and net asset positions in each financial year as reported in the Public Trustee Statement of Intent.



Basis of Authority

Under the provisions of Section 13 of the *Public Trustee Act, 1985*

“The Public Trustee may, for example act as:

trustee, executor or administrator of an estate, manager of property, receiver, collector of an estate under order to collect and administer, agent, attorney or guardian of the estate of any person.

act in any other capacity provided for under Legislation”.

The Public Trustee has the full responsibilities of a natural person when acting as an executor, trustee or administrator.

In performing its duties, the Public Trustee is regulated by the following legislation which include but are not limited to:

Audit Act, 1989

Administration and Probate Act, 1929

Adoption Act. 1993

Community Advocate Act, 1991

Crimes Act, 1900

Family Provisions Act, 1969

Financial Management Act, 1996

Guardianship and Management of Property Act, 1992

Public Trustee Act, 1985

Powers of Attorney Act, 1956

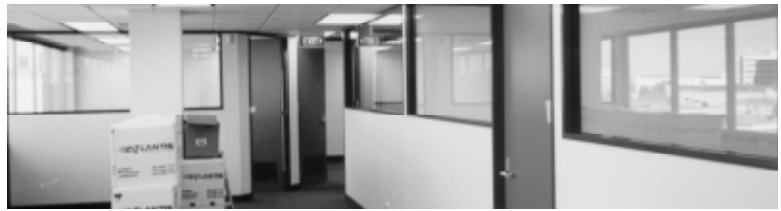
Proceeds of Crime Act 1991

Trustee (NSW) Act, 1925 –1942

Wills Act, 1968



The Year in Review



The Public Trustee launched its Business Plan for the years 1998 – 2003.

- » The *Trustee (NSW) Act 1925 – 1942* was amended to include a *prudent person* approach to trustee investments.
- » The number of Wills prepared increased by 2%.
- » The Public Trustee is the appointed financial manager under Orders of the Guardianship and Management of Property Tribunal for 268 represented persons. This represents 44% of the total appointments.
- » The Public Trustee examined the financial records of 234 externally managed clients and reported its findings to the Guardianship and Management of Property Tribunal, an increase of 59% from the previous year.
- » The Public Trustee acts as attorney for 77 clients; this is decrease of 17% from the previous year.
- » At 30 June 1999, a total of \$43.3 m was invested in the Public Trustee Common Fund, an increase of 3.7% over the previous year.
- » At 30 June 1999, the Public Trustee recorded a total of \$16.4 m unrealised assets under management, this is an increase of 33% from previous year.
- » In March, Canberra was host for the Public Trustee two-day meeting attended by Public Trustees from all States and Territories and New Zealand.
- » The Public Trustee sponsored a day in recognition of the International Year of Older Persons for the ACT Council of the Ageing. We were pleased to have the Attorney-General, Mr Gary Humphries MLA, to open the day. The Chief Magistrate, Mr Ron Cahill AM and the Community Advocate, Ms Heather McGregor, were guest speakers together with Doug Gillespie, Sue La Peyre and Toni Leiper from the Public Trustee Office.
- » The Public Trustee Office moved to larger, purpose-built premises (in the same building), in an attempt to better meet the increasing number and diverse needs of our clients.

The Year Ahead

The plan for 1999–2000:

- » to continue the implementation of the strategic and business plan to meet the ongoing commercial and community service obligations of the Public Trustee;
- » to develop a marketing plan aimed at promoting the services of the Office in a wider market, particularly targeting higher value estates and trust administrations in order to increase revenue earned from fees and commissions;
- » to enhance the image of the Office through the continued provision of quality customer services;
- » to ensure that all Community Service Obligations are undertaken efficiently with due consideration to clients' needs, which includes seeking the appropriate level of Government funding to meet that need;
- » to continue to train and develop a professional, committed and commercially focused work force;
- » to improve service delivery by continued enhancements to computing services which result in meeting the needs of year 2000 and contribute to ongoing modernisation initiatives of the ACT Government, which will enhance services to clients;
- » to plan and develop policies that ensure the introduction of the *prudent person* approach to trustee investments which allows for a phased-in approach and meets the needs of the clients and the Public Trustee in the most efficient and economical way; and
- » to develop a fees and commission structure which is fair and equitable and meets the needs of the commercial and non-commercial activities undertaken by the office.



Public Trustee's Report



The presentation of this year's annual report comes at a time when the Office has made further changes to the way in which it works in an attempt to make positive steps towards continued improvements in our service delivery. This last year has also been one of consolidation, dealing with a range of important issues to ensure that the Office is well placed for future growth and continued improved performance. The Public Trustee Strategic and Business Plan was developed and launched by the Chief Executive of the Department of Justice and Community Safety.

As part of the Office's role in meeting the ongoing needs of our diverse range of clients it was acknowledged that the current leased space did not adequately meet those needs. Negotiations with a range of organisations resulted in the approval for the Public Trustee to move to larger purpose-built premises in the same building. The Human Rights Commissioner and her staff are now co-located with the Public Trustee Office. The new space includes a suite of conference and interview rooms, together with a large well-appointed reception area with facilities to meet the access needs of people with disabilities.

Challenges facing the Public Trustee are amendments to the Trustee Act and the Public Trustee Act. Previously, the Public Trustee was only able to invest clients' money in the Common Trust Fund and a range of approved trustee investments. The changes introduce a *Prudent Person* approach to trustee investments, which means the Office is able to develop strategies in a range of investment funds which will provide clients with access to capital growth and gain better protection against inflation by maintaining the real value of their money.

These changes will impact significantly on the way we currently invest on behalf of a high proportion of our clients. The amendments require the Office to consider the short, mid and long-term particular needs of each client and to invest his or her funds accordingly to meet those needs. The amendments to the legislation bring the ACT in line with public and private trustee companies in other States and Territories.

Community Service Obligations remain a major focus of the Public Trustee Office. It is estimated that the cost of providing this service is \$400,000 with the majority of matters comprising long-term management of the affairs of people who are deemed incapable of handling their personal affairs due to illness, age or other incapacity.

It is important to acknowledge the professional relationship between the Office of the Community Advocate and the Guardianship and Management of Property Tribunal. This relationship, which is highly valued by the Public Trustee and staff, has been developed over time and is paramount in ensuring clients' financial and lifestyle interests are met in their best interest.



Throughout the year public trustee staff have continued to provide courteous, efficient and effective services to our clients, and have been highly supportive of the changes which have been made to the way in which they work and provide those services. Their commitment to continued improvement in client service, often under difficult circumstances, is remarkable and is a major factor in our success and is critical to the ongoing viability of the Public Trustee. I would like to express my sincere thanks to them all.

I would also like to extend my gratitude and thanks to the many individuals and organisations both in the private sector and in Government that have assisted the Public Trustee in meeting the needs of our clients.

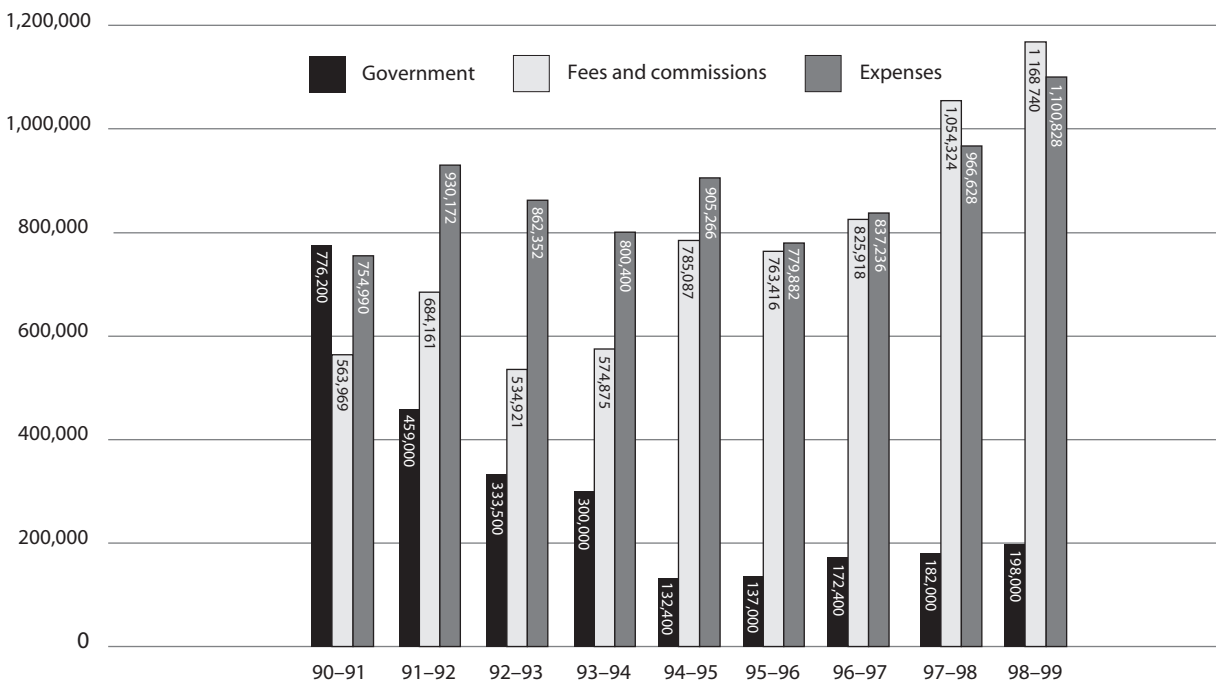
My sincere thanks also for the assistance given to me by my Chief Executive Tim Keady, whose wisdom and counsel is always appreciated, and for the continued support of his staff within the Department of Justice and Community Safety.

In conclusion, I look forward, together with the staff, to the challenges of the coming year to ensure our continuing improvement in the delivery of services to our clients.

Diane Kargas

Diane Kargas
Public Trustee

Figure 1 Fees, revenue and expenses



Business Operations



Performance Report

The Public Trustee continues to maintain a good relationship with other Public Trustees, the Trustee Corporations Association, Trustee Companies, the legal profession and accounting and financial institutions with which we have regular contact. This interaction and sharing of information is important for the trustee industry and assists in promoting the range of trustee and related services within the Canberra community.

As part of this role the Public Trustee has met with other Public Trustees on two occasions during the year. In March the Public Trustee was fortunate to host a two-day meeting in Canberra which was attended by all States and Territories and New Zealand. Further, a senior trust officer undertook the training of welfare students at the Woden Campus of CIT. There was also two occasions where the deputy public trustee, together with trust officers, participated with the Australian National University Legal Workshop Students to assist them, as part of their practical training, to gain a greater understanding of the complexities of will drafting.

Indeed, there is still an ongoing need to promote awareness in the community of the advantages of preparing a Will. In instances where people die without leaving a Will, searching for family members who would benefit under the law can be complex and time consuming, especially for those born overseas. Making a Will is the only way to be certain a lifetime's work is passed on to the people you choose.

Client Services

Will-making

The Public Trustee has over fifteen years experience in the preparation of Wills and provides a professional Will drawing service to all people in the Canberra community who wish to appoint the Public Trustee as executor or as co-executor.

The Public Trustee currently holds 8,537 Wills on behalf of people in our community, and in order to meet clients' special needs, public trustee staff make regular visits to clients in their homes, nursing homes, hospitals and other supported accommodation when requested.

Powers of Attorney

1999 was nominated by the United Nations as the International Year of Older Persons. In recognition of this important year, Heather McGregor, the Community Advocate, and her staff developed and launched a video on the importance of having an *Enduring Power of Attorney*.



As part of the video the Public Trustee provided information about the role of the Public Trustee Office as the appointed financial manager under order of the Guardianship and Management of Property Tribunal where no Enduring Power of Attorney is in place in a time of need.

All Public Trustee clients are encouraged to prepare an Enduring Power of Attorney at the time they prepare their Will. As a consequence, the number of non-active attorney-ships has risen, reflecting an improved awareness in the community of the value of planning for the future

Nevertheless, the importance of having an Enduring Power of Attorney is still not widely recognised or acknowledged in the Community. It is, however, an important way, of ensuring both that a person's assets are protected during any period of incapacity and that their affairs are administered by a person of the owner's choice, and in accordance with their expressed instructions.

The increasing number of Enduring Powers of Attorney to secure ongoing ACT Housing was reported last year. It is pleasing to note that the overall number of active powers of attorney administered by the Office has reduced to 77. This reduction is in part due to continuing negotiations with ACT Housing and to the ongoing success of the direct debit system negotiated between Centrelink and ACT Housing. Due to the direct debit scheme, death and other considerations, 36 powers of attorney were finalised or revoked.

Figure 2 Wills

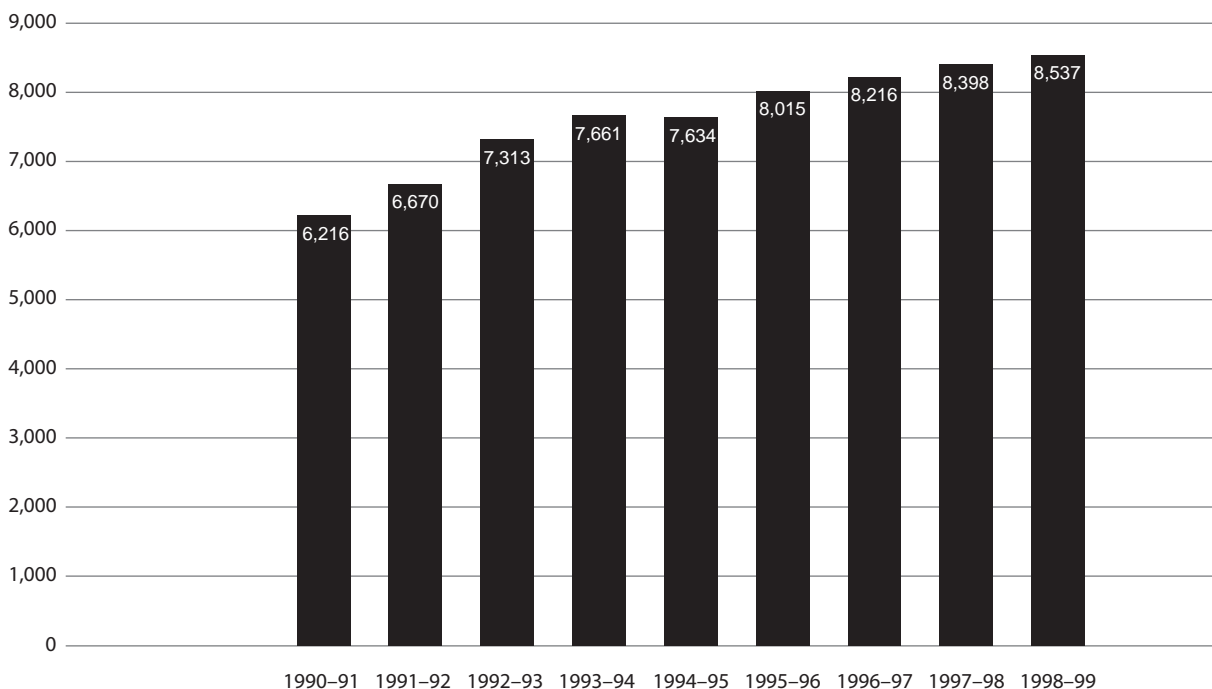
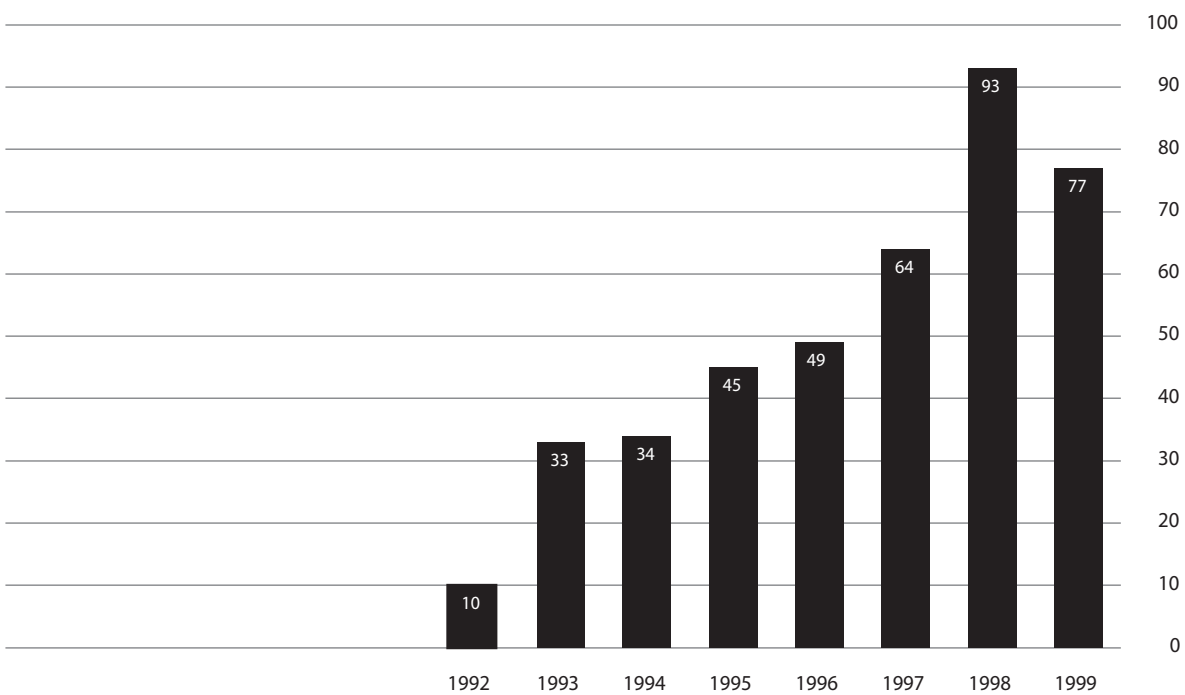


Figure 3 Active Powers of Attorney



Taxation Services

Part of our services to clients, beneficiaries and estates is the provision of specialist taxation services.

Trust tax returns are prepared for deceased estates, trusts, and court awards. Individual tax returns are prepared for protected persons, clients who have appointed the Public Trustee as attorney and deceased estates up to the date of death. Staff prepared 730 tax returns during the year.

Estate Management

The Estate Management unit is responsible for the administration of deceased estates where the Public Trustee has been appointed executor or where it has been given authorisation to administer by an executor or legal representative.

The Public Trustee does not decline matters purely on the basis of value and is often required to become the administrator of last resort, accepting matters where it is satisfied that there is no other person entitled to a grant of administration. The Public Trustee also provides sensitive and expert advice to many deceased estate beneficiaries, ranging from estates with very small value to those with investments and property often requiring extensive research into the family tree in both Australia and overseas.

The administration of deceased estates requires an understanding of complex probate, trustee and wills legislation as well as taxation, accounting and sound business practices. These tasks may include making an application for a grant of probate, the collection of assets and monies due, payment of debts, testamentary and other expenses, the protection of any business interests, taxation responsibilities and the transfer of assets to beneficiaries.

Deceased Estates

During the year a total of 100 new estates were received and 98 were completed. Public Trustee staff also provided advice and assistance to 19 family members to enable them to personally administer estates where the Public Trustee was named as executor or co-executor. There were 471 applications to the Supreme Court of which applications made by the Public Trustee represented 21%.

The Public Trustee, in ensuring all deceased estates are administered efficiently and effectively, continues to work toward improving the standard of service to clients in order to meet their expectations and demands.

As part of a Public Trustee's commitment to providing community services obligations, public trustee staff are on call to attend to the affairs of deceased persons where family members or friends are unable to be contacted by the Australian Federal Police (AFP), hospitals, nursing homes or other service providers.

Public Trustee staff are also called upon to secure property and administer the estates of deceased persons in matters where there is no will found, or when a person dies without leaving a Will. This may involve safe custody for important documents,

Figure 4 Deceased estate management

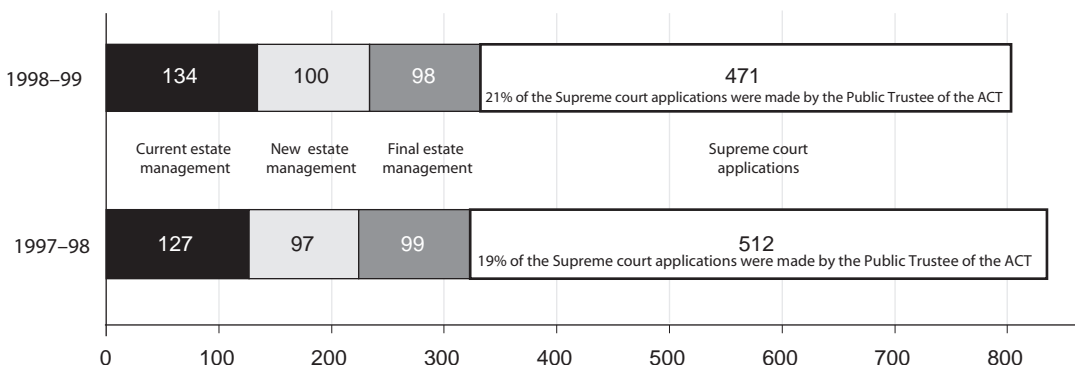
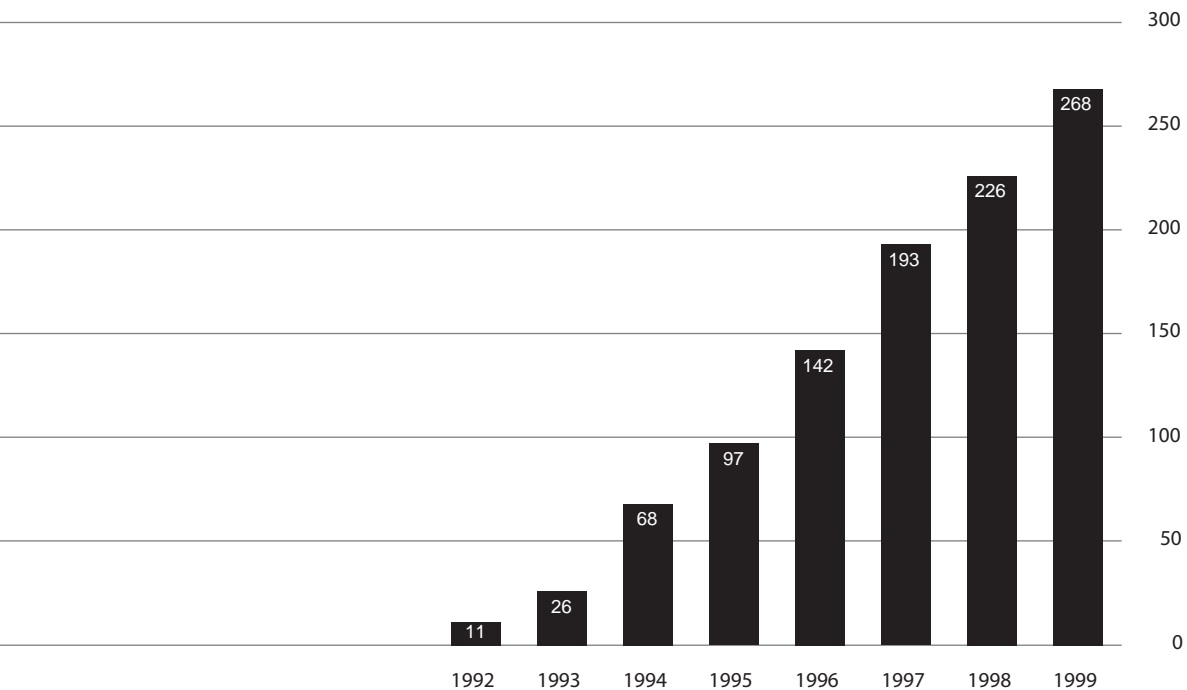


Figure 5 Management orders



taking inventories, arranging security for property and possessions as well as making the necessary funeral arrangements in some circumstances for people who die with or without funds.

In 1998/99 trust officers attended twelve AFP call-outs, and liaised with the Care and Protection Unit of Family Services to arrange eight welfare funerals.

Protective Management

Protective management is financial management under Management Orders issued by the Guardianship and Management of Property Tribunal (the Tribunal).

The Guardianship and Management of Property Tribunal makes Orders appointing the Public Trustee as manager of part or all of the estate of a person who has a mental, physical, and/or legal incapacity to manage their own affairs. A manager can be a family member or friend who is considered by the Tribunal to be suitable to act as manager of a person’s estate, a trustee company or the Public Trustee.

The Guardianship and Management of Property Act is specific in that the appointment of a *natural person* is preferred and therefore the appointment of the Public Trustee was intended to be as manager of last resort.

However, the reality is that the number and complexity of cases referred to the Public Trustee increases from year to year. Factors which support this trend include increasing instances where there are no suitable family members or friends who can be appointed, or are willing to be appointed, therefore the Tribunal looks to the Public Trustee to act as manager in such circumstances. Additionally, the Public Trustee assists where parents or family members perceive a need to have an independent manager in place, or where it is seen that independence from the family would be beneficial for the development of the represented person. There is also a growing number of represented people with complex financial and lifestyle issues that require the collective resources of both the Public Trustee and the Community Advocate.

To appropriately manage a represented person's financial affairs, public trustee staff need to ensure all assets and property are protected, appropriate accommodation is secured, budgets are prepared and monitored and that maximum social security benefits are obtained.

Ongoing support is achieved through office contact, telephone, nursing home, hospital and home visits.

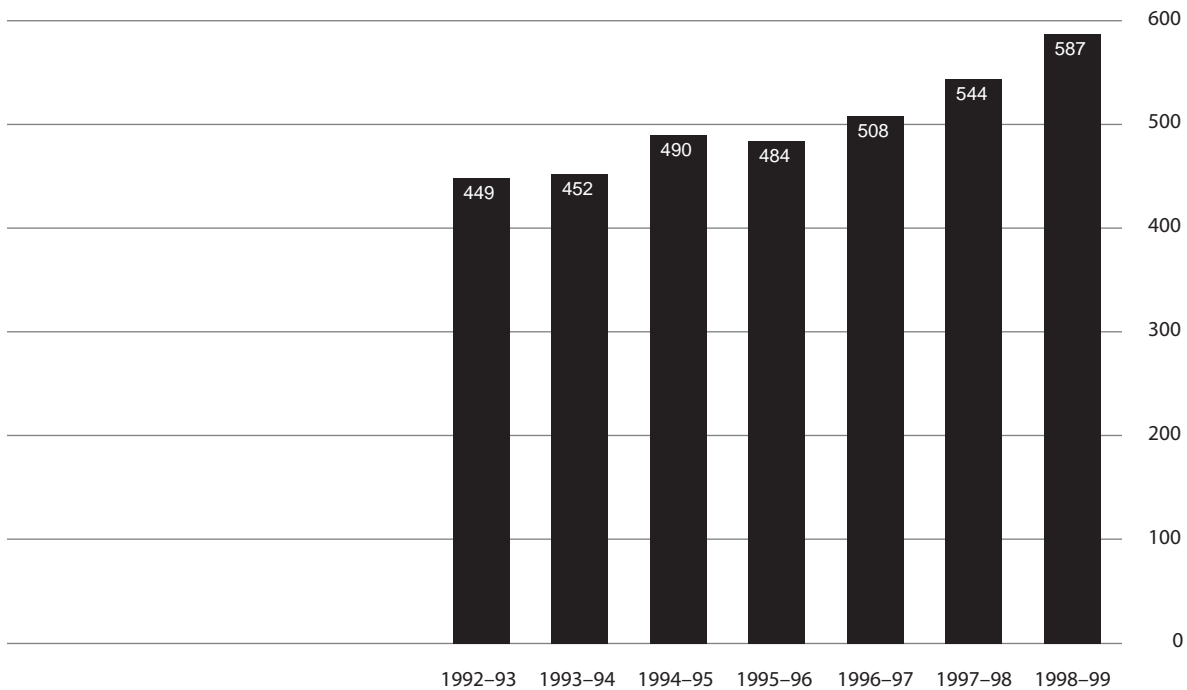
Public Trustee staff attend all sittings of the Tribunal and provide advice and makes representations on behalf of clients as required. The Tribunal sat on 358 occasions during the year.

In 1998/99 Public Trustee staff assisted 84 new clients. There are currently 14 matters where emergency orders have been made. The number of continuing clients is now 268, and 45 financial management orders were finalised during the year due to death or revocation for other reasons.

The Public Trustee is also required to annually examine the accounts of externally appointed financial managers and to report our findings to the Tribunal and also to the external manager. In 1998/99 of the 294 external examination notifications, 248 accounts were presented to the Public Trustee of which 234 were examined in accordance with legislative requirement. It is pleasing to note that all examinations appeared to be in order and the Tribunal was advised accordingly.

The Public Trustee and staff acknowledge and appreciate the difficult and often time-consuming role that family and friends play in the ongoing financial management of represented people under their care.

Figure 6 Court trusts on hand



Trust Management

Trusts administered by the Public Trustee originate from a number of sources: life interest estates, funds held for minors, charitable trusts as well as court awards. Recent amendments to the Trustee Act require the provision of investment strategies, in line with the *prudent person* approach. The Trustee Act provides a period of two years to introduce and implement the changes to the legislation.

In future, clients' funds can be invested in a range of investment strategies which will broaden the options available to clients, depending on the value of their funds and the particular needs of each client. The current needs might be for improved housing, purpose-built housing, extensions or additions to existing housing, motor vehicles, education, furniture, computers, medical and dental care and ongoing personal maintenance.

During the year 127 new court trusts were received; 84 were finalised. A total of 587 court trusts remain under administration. Trust officers administering court trusts work closely with clients, their parents and guardians to ensure that their spending needs are identified, and that in the future, appropriate investment and administration plans are implemented.

The office administers a large number of trusts for minor children under the Criminal Injuries Compensation legislation. Recently, amendments have been proposed which will impact

significantly on the number of trusts where the Public Trustee is appointed.

The Public Trustee continues to be well placed to offer trustee services for persons and/or companies with philanthropic intentions who wish to set aside funds for the benefit of a particular charity or purpose in our community now, rather than after their Will is actioned.

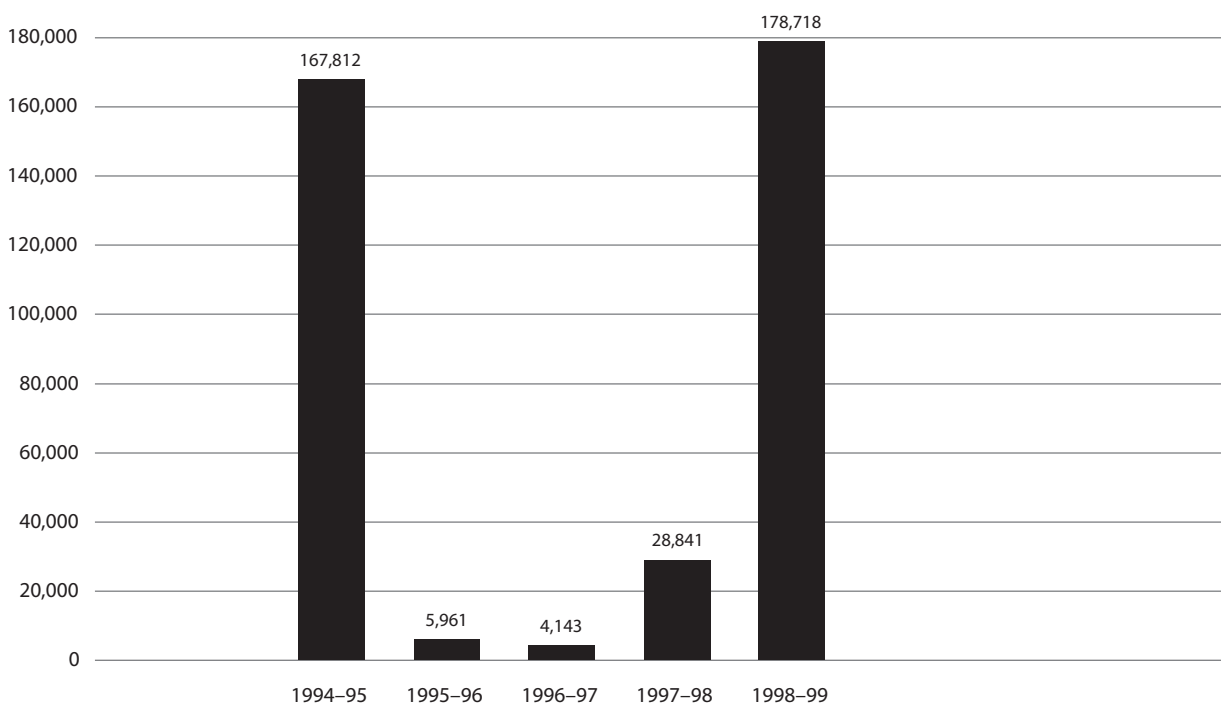
Proceeds of Crime

The Public Trustee acts as agent of the ACT Government, providing asset services in relation to proceeds of crime forfeitures. When assets both real and personal are forfeited, the Public Trustee arranges to secure and sell all assets. Funds collected from the sale of assets are deposited into the Confiscated Assets Trust Fund held by the Department of Justice and Community Safety.

The Attorney General is responsible for ensuring all collected funds are available for community safety initiatives.

There were 9 matters at the end of June 1998. The office received 5 new matters and during the year was able to finalise 10 of these, which amounted to \$178,718 being transferred to the Confiscated Assets Trust Fund. Four matters remain outstanding at 30 June 1999.

Figure 7 Proceeds of crime



Community Service Obligations

The Public Trustee attends to the financial and lifestyle management of clients with disabling mental conditions or when it is shown that their decision-making capability is impaired. While management of some of these clients is commercially viable, there are many for whom the costs of administration exceed reasonable administration charges. The Public Trustee Office's management of these clients extends to their financial management and assisting in their daily lives. It is the Public Trustee's obligation to ensure that the client does not become destitute and that their chosen lifestyle is as it would have been if they were not affected by the condition. This support allows them to enjoy a standard of dignity as a person and as a valued member of the Canberra community.

The Public Trustee is committed to the delivery of community service obligations on behalf of the ACT Government and recognises community service obligations as an integral part of the Public Trustee's role in the community. The Office accepts appointments irrespective of the value of a particular estate or trust, which ensures everyone in the Canberra community has access to trustee services regardless of their circumstances.

These responsibilities are varied and wide-ranging. In the coming year the Public Trustee's community responsibilities will be re-evaluated to ensure they are being delivered in a professional, efficient and cost-effective manner.

Business Development and Marketing

The continuing diversity and value of the office's services have been promoted through seminars and networking with government agencies. Public Trustee staff are available to address community groups on the importance of estate planning, holding a Will and enduring power of attorney. Addresses are also given on the value of having professional executor or trustee services, as provided by the Public Trustee.

In 1998/99, a number of talks were conducted as well as selected advertising in a number of magazines and publications. The Office was also fortunate to have a number of articles written by Doug Gillespie, the Deputy Public Trustee, published in local newspapers.

The United Nations nominated 1999 as the International Year of Older Persons (IYOP). As part of IYOP the Public Trustee developed a number of important brochures and conducted a day seminar in conjunction with the Council of the Ageing in the ACT. The seminar was developed to address the importance of a Will and estate planning and to address the issues of financial management under enduring powers of attorney or under order

of the Guardianship and Management of Property Tribunal. We were fortunate to have Mr Gary Humphries MLA, the Attorney General, to open the seminar and guest speakers Mr Ron Cahill AM, and Heather McGregor together with Doug Gillespie, Sue La Peyre and Toni Leiper from the Public Trustee.

The seminar was well attended by 130 people from the Canberra community.

Corporate Services

Corporate Services includes the areas of accounts, human resource management, information technology, investments and marketing. These areas play a very important role in the ongoing improvement of services to clients.

Ongoing training and development has been a priority for the office, with a number of staff attending a range of training programs. During the year a competency based training program was accredited to the Executor & Trustee Institute, the education arm of the Trustee Corporations Association. Three staff successfully undertook continued training with the Trustee Institute to further develop and build on their existing expertise in this area.

The Public Trustee continues to support the traineeship program coordinated by the Chief Minister's Department. The office currently has one trainee who commenced in February 1999 for a 12-month period.

As an integral part of the office's strategic and business plan, a team approach to client service was introduced. Two business units were established to meet the needs of both the commercial and community service obligations undertaken by the office. The business units are Estate and Trust Administration and Financial Management.

Further, a decision has been made to trial a new position of client service officer to work with the financial management unit and administration staff to ensure that client requests and the flow of information from all areas of the office is efficient and effective.

The Public Trustee has received valuable support from the Information Technology Manager of the Department of Justice and Community Safety and InTact. This support has assisted in the review our information technology needs to meet the requirements of modernisation and year 2000 and will enable the office to respond efficiently to our clients' increasing needs. A year 2000 contingency plan has been developed in case of a breakdown of critical systems relating to access to the building or our computer systems.

Commitment to Service Standards

As part of our commitment to improving the services of the Public Trustee and in ensuring that information regarding our services is available, the following new brochures were developed and are available at the office and at ACT Government Shopfronts and related service delivery organisations:

The Public Trustee makes Wills
Powers of Attorney
Financial Management
Our Purpose

These new brochures compliment the existing ones of:

Duties of an Executor
Our Goals



Client Satisfaction Survey

The Office conducted a client survey during the month of April 1999. Clients come to Public Trustee for a range of products and reasons. They could be people wishing to make a Will, appointing the public trustee as their executor. They may be beneficiaries following the death of a family member, or children or people in our community with impaired decision making ability. With such a diverse range of clients, the public trustee attempted to evaluate its services through feedback from clients, family, friends and service providers. The particular focus of this survey was on new clients and clients who seek assistance in financial management matters.

The results of the survey showed that whilst the office is committed to meeting the needs of its clients, improvements in relation to the role we play in assisting clients who are not able to adequately represent themselves in financial matters should be further developed.

The aim of the survey was to measure:

- » the extent to which clients, family and friends and service providers were satisfied with the services provided to them by the public trustee, and
- » the extent to which clients, family, friends and service providers considered that the public trustee is effective in dealing with and managing their interests and the interests of clients who cannot manage their own affairs.

Although small, the survey results showed a positive recognition of the Public Trustee Office's overall performance. Of the 60 people surveyed only three people did not respond. Surveys were completed either directly with clients, over the telephone or sent to clients and service providers attaching a reply paid post envelope.

The size of the survey was smaller than normal as it was the first survey of this kind for the office, and also due in part to April being a month in which a higher than normal number of clients did not keep arranged appointments. It is envisaged that the next survey will also focus on estate and trust management clients as well as clients under financial management. Survey forms are available at reception at all times for clients to provide feedback to the Office.

Clients who responded to the survey	57
exceeded expectations	70%
satisfactory	30%
unsatisfactory	0
did not respond	3
Service providers surveyed	
exceeded expectations	23%
satisfactory	77%
unsatisfactory	0
Overall survey rating	
exceeded expectations	75%
satisfactory	25%

There were a number of issues raised in the survey which dealt with how the public trustee staff respond to the needs of clients through service providers, carers, family and friends. These issues are being addressed to ensure solutions are reached which adequately meet the ongoing needs of clients.

Public Trustee Investment Board

Section 46 of the *Public Trustee Act 1985* requires the establishment of a Board to be known as the Public Trustee Investment Board.

The Public Trustee maintains a Common Fund under section 55 of the Public Trustee Act to pool investments and derive revenue for accounts entrusted to the care of the Office.

The role of the Investment Board is to set investment policy, monitor the operations of the common fund and to determine the rate of interest payable by the fund.

Money in the Public Trustee Common Fund is invested in a range of authorised trustee investments to generate the best interest return and to ensure the security of the capital. Currently, most investments are on term deposits with a range of banks and approved non-banking institutions and first mortgage advances on real estate. The Investment Board met on four occasions during the financial year. As noted previously, the changes to the Trustee Act will impact on the role of the Public Trustee Investment Board.

Membership of the Board

Two independent members are appointed by the Minister, for a three year period, plus the Public Trustee, ex-officio.

Members of the Board during the year were:

Ms Edith Friedman
Treasury Dealer
Central Financing Unit
June 1996 to June 1999
Nominated for reappointment

Mr Neville Page
Chief Executive Officer
Total Risk Management
Office of Financial Management Pty Ltd.
June 1996 to June 1999

Ms Diane Kargas
Ex-officio
Public Trustee for the ACT
November 1997 continuing

The appointment of Mr Neville Page expired in June 1999 and due to business commitments interstate Mr Page did not seek re-appointment. Mr Page has been a committed member of the Public Trustee Investment Board since its inception in 1986. The Public Trustee and staff wish to acknowledge the valuable experience, the depth of knowledge and quality of investment advice Mr Page has provided to the Board over the years. The Public Trustee Investment Board is waiting on a replacement Board member to be appointed by the Attorney General.

Public Trustee for the Australian Capital Territory Statement of Performance for the Year ended 30 June 1999

Performance of the Public Trustee for the Australian Capital Territory is measured by the increase in the volume of new business, the return on investment of client funds, and by client satisfaction, which includes the quality and timeliness of the services provided.

Indicators	Expected outcome 1998–99	Actual result 30/6/99	Planned 1999–00
No. of New Wills	500	480	520
No. of New Deceased Estate Administrations	105	100	110
No. of Deceased Estate Administrations Completed	105	98	110
No. of Current Orders GMPT#	260	268	270
No. of Examinations of accounts provided from external managers under GMPT	200	234	210
No. of active Power of Attorney and Enduring Power of Attorney accounts	85	77	85
No. of responses to community call outs following death *	12	12	12
No. of welfare funerals arranged	4	8	4
No. of trusts under legal liability	590	587	550
Percentage of expenditure over total income	90%	78%	94%

Financial Management under Orders of the Guardianship and Management of Property Tribunal.

* The Public Trustee is on call to the Australian Federal Police to assist and secure property of deceased persons where no family members are located.



AUDITOR-GENERAL

Australian Capital Territory



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INDEPENDENT AUDIT REPORT

OFFICE OF THE PUBLIC TRUSTEE - CORPORATE FINANCIAL STATEMENTS

To the Members of the Legislative Assembly for the Australian Capital Territory

GENERAL

I have audited the corporate financial report of the Office of the Public Trustee for the year ended 30 June 1999. The report that was forwarded to me by the Office of the Public Trustee consists of the following financial statements together with the notes thereto:

Financial Statements consisting of

- Operating Statement
- Statement of Assets and Liabilities
- Statement of Cash Flows, and

Statement of Performance

In accordance with Section 60 of the *Financial Management Act 1996*, the preparation and presentation of the financial statements, and the information contained therein, is the responsibility of the Office of the Public Trustee.

My responsibility is to express an opinion on the financial statements based on my audit as required by Section 61 of the *Financial Management Act 1996*.

FINANCIAL STATEMENTS OTHER THAN THE STATEMENT OF PERFORMANCE

AUDIT SCOPE

My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view of the Office of the Public Trustee which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

financial statements

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion the accompanying Operating Statement, Statement of Assets and Liabilities and Statement of Cash Flows of the Office of the Public Trustee present fairly in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) the financial position of the Office of the Public Trustee as at 30 June 1999 and the results of its operations and its cash flows for the year.

STATEMENT OF PERFORMANCE

AUDIT SCOPE

I have conducted my audit of the Statement of Performance in accordance with Australian Auditing Standards to form an opinion based on a reasonable level of assurance. My procedures included examination, on a test basis, of evidence supporting figures and other disclosures in the performance statement and the evaluation of policies adopted in arriving at those figures and disclosures. These procedures have been undertaken to form an opinion as to whether, in all material respects, the Statement of Performance has been prepared in accordance with the *Financial Management Act 1996* and fairly represents the indicated performance.

The audit opinion expressed in the report has been formed on the above basis.

AUDIT OPINION

In my opinion the accompanying Statement of Performance of the Office of the Public Trustee is prepared in accordance with the *Financial Management Act 1996* and fairly represents the indicated performance of the Office of the Public Trustee for the year ended 30 June 1999.



John A Parkinson
Auditor-General

3/ August 1999

financial statements

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

STATEMENT BY PUBLIC TRUSTEE

In accordance with the Guidelines for Financial Statements of ACT Entities, financial statements ("the corporate financial statements") have been prepared for the Public Trustee for the Australian Capital Territory. Separate financial statements have been prepared for the responsibilities of administration of deceased estates, agencies, trusts and clients accounts.

STATEMENT OF RESPONSIBILITY

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

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

- (i) the corporate financial statements show fairly the operations of the Public Trustee for the Australian Capital Territory for the period 1 July 1998 to 30 June 1999; and
- (ii) the corporate financial statements show fairly the state of affairs for the Public Trustee for the Australian Capital Territory as at 30 June 1999; and
- (iii) the corporate financial statements have been prepared in accordance with the Guidelines for Financial Statements of ACT Entities as issued by the Treasurer.



Diane F Kargas
Public Trustee
17 August 1999

OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 1999

	Notes	1998 - 99 <u>Actual</u>	<u>Budget</u>	1997-98 <u>Actual</u>
		\$	\$	\$
REVENUE				
Operating Revenues from Independent Sources				
Operating Revenue	3	654 409	504 675	617 734
Management fee	4	446 799	391 325	403 667
Interest		<u>67 532</u>	<u>47 000</u>	<u>52 453</u>
Total Operating Revenues from Independent Sources		<u>1 168 740</u>	<u>943 000</u>	<u>1 073 854</u>
REVENUE FROM GOVERNMENT				
Service payments from General Government sector		16 000	16 000	3 227
Community Service Obligation payment		<u>182 000</u>	<u>182 000</u>	<u>182 000</u>
Total Revenue from Government		<u>198 000</u>	<u>198 000</u>	<u>185 227</u>
Total Revenue		1 366 740	1 141 000	1 259 081
Operating Expenses				
Salary and related employee costs	5	812 708	781 000	697 915
Other Operating Expenses	6	<u>288 120</u>	<u>285 000</u>	<u>268 713</u>
Total Operating Expenses		1 100 828	1 066 000	966 628
Operating Surplus / (Loss)		265 912	75 000	292 453
Abnormal Income		<u>44 094</u>	<u>0</u>	<u>0</u>
Net Profit/Loss		310 006	75 000	292 453
OUTSIDE INTEREST AND TRANSFERS				
Accumulated results of operations/capital at beginning of financial year		<u>987 073</u>	<u>1 014 000</u>	<u>694 620</u>
Accumulated Results of Operations/Capital at End of Financial Year		<u>1 297 079</u>	<u>1 014 000</u>	<u>987 073</u>

STATEMENT OF ASSETS AND LIABILITIES

AS AT 30 JUNE 1999

	Notes	1998-99 <u>Actual</u> \$	<u>Budget</u> \$	1997-98 <u>Actual</u> \$
CURRENT ASSETS				
Cash		1 347	35 000	10 956
Investments		1 475 000	1 200 000	1 190 000
Receivables		43 088	30 000	36 941
Other	7	<u>8 086</u>	<u>0</u>	<u>6 594</u>
TOTAL CURRENT ASSETS		1 527 521	1 265 000	1 244 491
NON CURRENT ASSETS				
Property Plant and Equipment	8	<u>712</u>	<u>0</u>	<u>1 308</u>
TOTAL NON CURRENT ASSETS		<u>712</u>	<u>0</u>	<u>1 308</u>
TOTAL ASSETS		1 528 233	1 265 000	1 245 799
CURRENT LIABILITIES				
Creditors and Borrowings	9	27 654	25 000	34 952
Provisions	10	85 532	108 000	70 791
Other Liabilities	11	<u>0</u>	<u>0</u>	<u>11 018</u>
TOTAL CURRENT LIABILITIES		113 186	133 000	116 761
NON-CURRENT LIABILITIES				
Provisions	10	117 968	77 000	97 870
Other Liabilities	11	<u>0</u>	<u>41 000</u>	<u>44 095</u>
TOTAL NON-CURRENT LIABILITIES		<u>117 968</u>	<u>118 000</u>	<u>141 965</u>
TOTAL LIABILITIES		231 154	251 000	258 726
NET ASSETS		<u>1 297 079</u>	<u>1 014 000</u>	<u>987 073</u>
EQUITY				
Accumulated Capital/Results		<u>1 297 079</u>	<u>1 014 000</u>	<u>987 073</u>
TOTAL EQUITY		<u>1 297 079</u>	<u>1 014 000</u>	<u>987 073</u>

The attached notes form part of the financial statements

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999**

1. ACTIVITIES OF THE PUBLIC TRUSTEE

The functions of the Public Trustee are defined in the Public Trustee Act 1985 and include the administration of deceased estates and trusts, preparation of wills and management of financial affairs under Enduring Power of Attorney and Management Order from the Guardianship and Management of Property Tribunal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a) Fixed Assets

Purchases of a capital nature are only recorded as fixed assets if the dollar amount of the assets exceeds \$2 000. Items which were purchased with an original cost of less than \$2 000 were written off against expenditure. All computer software is expended in the year of purchase due to the uncertain length of useful life for software.

b) Basis of Accounting

The financial statements have been prepared on an accrual basis in accordance with the Guidelines for Financial Statements of ACT Entities issued by the Chief Minister and Treasurer. The financial statements conform with the Statements of Accounting Standards issued by the Australian Society of Certified Practising Accountants and the Institute of Chartered Accountants in Australia. The accounts were prepared on an accrual basis using historical costs, and amounts represented in the balance sheet do not necessarily reflect realisable values or changes in purchasing power of money.

c) Depreciation

Depreciation is calculated on a straight line basis by reference to the original capital cost of assets, their estimated useful lives and residual values.

d) Employee Benefits

Sick leave, long service leave and annual leave are included in salaries costs for each period. A provision is included for accrued long service leave and for outstanding and accrued recreation leave. To comply with the accounting standard AAS 30: Accounting for Employee Entitlements employee provisions have been discounted to the Net Present Value.

e) Insurance

The Public Trustee maintains insurance cover over assets held in trust

f) *financial statements*

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

3. OPERATING REVENUE

Operating revenue consisted of :-

	1999 \$	1998 \$
Commission received	480 277	409 378
Other	174 132	208 356
	<u>654 409</u>	<u>617 734</u>

4. MANAGEMENT FEE

The management fee is a fee charged for administration of moneys held in the common fund. The fee is calculated in accordance with the rate specified in an instrument signed by the Minister. The rate specified by the Minister is one per cent per annum of the amount held in the common fund. The fee is deducted from interest earned by the common fund.

5. SALARY AND EMPLOYEE RELATED COSTS

Salary and Employee related costs consisted of:-

Salaries	689 113	623 440
Superannuation	76 339	64 166
Productivity component	20 656	0
Fringe Benefits tax	4 508	3 218
Comcare premiums	21 340	6 321
Other employee expenses	752	770
	<u>812 708</u>	<u>697 915</u>

6. *financial statements* OTHER OPERATING EXPENSES

Operating expenses - The major items included under this heading are:

	1999 \$	1998 \$
Computer expenses	20 801	14 093
Motor Vehicle Expenses	12 874	14 567
Rental Lease payments/Cleaning	79 081	77 241
Repairs/Maintenance	18 297	17 211
Printing/Stationery	29 264	18 956
Telephones	15 960	17 380
Staff training	2 518	13 661
Postage	7 543	6 455
Other expenses	19 913	10 663
Depreciation	596	596
Audit Fee	13 200	22 000
Electricity	3 081	2 883
Office Equipment	19 369	6 088
Leasing - Computers	18 708	10 079
Travel Expenses	5 436	3 626
Office Renovations	0	23 447
Conference Costs	4 129	9 767
Insurance Risk Management Levy	16 000	0
Advertising	1 350	0
	<u>288 120</u>	<u>268 713</u>

7. OTHER CURRENT ASSETS

Other current assets of the office:

Prepayments	<u>8 086</u>	<u>6 594</u>
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8. *financial statements* PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment of the Office:

	1999 \$	1998 \$
Office equipment, at cost	3 520	3 520
Less accumulated depreciation	<u>3 094</u>	<u>2 742</u>
	426	778
Security system, at cost	2 442	2 442
Less accumulated depreciation	<u>2 156</u>	<u>1 912</u>
	286	530
	<u>712</u>	<u>1 308</u>

9. CREDITORS AND BORROWINGS

Creditors	10 377	18 804
Accrued Employee Expenses	16 998	10 454
Other accrued operating expenses	279	6 094
	<u>27 654</u>	<u>34 952</u>

10. PROVISIONS

This relates to the net movement of provisions from 1 July 1998 to 30 June 1999. Provisions comprise of the following:

	1999 \$	1998 \$	Net Movement \$
EMPLOYEE PROVISION			
Recreation leave	85 532	70 791	14 741
Long Service Leave - non current	117 968	97 870	20 098
	<u>203 500</u>	<u>168 661</u>	<u>34 839</u>

financial statements

11. OTHER LIABILITIES

In 1996-97 the Office moved premises from the fourth to the first floor of 4 Mort Street and a new lease agreement entered into. Part of the agreement was a lease incentive incorporating a rent free period of eight months from 1 March 1997. As at 30 June 1997 the rent free period was not yet finalised and thus only a rent free period of four months was brought to account. In 1997-98 the rent free period was finalised and the value of the lease incentive was then calculated as \$66,441.74 compared to \$32,541.74 at 30 June 1997. This incentive is to be amortised over the term of the lease agreement of six years.

The office has since moved to the fourth floor of 4 Mort Street to accommodate not only an increase in staffing but also to cater to all clients in a more acceptable environment. Therefore a new lease agreement was entered into. The balance of the lease incentive for the first floor not yet expended at 30 June 1999 was \$44,094.07, this sum was written off against abnormal income.

12. COMMITMENTS

At reporting date the Office had commitments in respect of a rental operating lease:

Not later than one year	\$ 98 455
Later than one year but not later than two years	\$ 99 932
Later than two years but not later than five years	\$308 884
Later than five years but no later than ten years	\$546 469

13. CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

As at 30 June 1999, the Office of the Public Trustee had no contingent liabilities or capital commitments

14. AUDITOR'S REMUNERATION

	1999 \$	1998 \$
Remuneration to the ACTAGO for auditing the financial statements for the reporting period.	13 200	22 000

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

Note that the basis of accruing audit fees changed in 1996-97 based on advice from the Auditor-General's office. In previous years the estimated total fee for auditing the financial statements was accrued regardless of the period in which the work was performed. From 1996-97 the audit fee shown represents the value of the audit work actually performed in the year to 30 June.

financial statements

15. FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

Public Trustees accounting policies and the terms and conditions for each class of financial asset and liability are as follows;

Financial Assets	Note	Accounting Policies	Terms & Conditions
Cash		Cash is stated at its nominal amount. Interest is recognised in the Operating Statement when earned.	Cash is kept in a Reserve Bank of Australia bank account of which the weighted average interest rate is 4.21%
Investments		Investments are stated at their nominal value. Interest is recognised in the Operating Statement when earned.	Investments at balance date are held in the Australian short term money market. The weighted average interest rate on investments for the year is 5.49%
Debtors		Debtors are recognised at the amounts that were charged at the date when the services or goods were supplied.	Debtors amounts are normally recovered within 1 month.
Financial Liabilities			
Creditors	9	Liabilities are recognised for amounts to be paid in the future for services received, whether or not billed to the entity.	Creditors are normally settled within 28 days as per ACT Government policy.

(b) Net Fair Values of Financial Instruments

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

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

financial statements

(c) Unrecognised Financial Instruments

There were no unrecognised financial assets or liabilities.

(d) Credit Risk Exposure

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

(e) Interest Rate Exposure

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

Financial Assets	Floating Interest Rate		Weighted Average Interest Rate		Non Interest Bearing		Total	
	\$		%		\$		\$	
	1999	1998	1999	1998	1999	1998	1999	1998
Cash	1 347	10 956	4.21	4.30			1 347	10 956
Investments	1 475 000	1 190 000	5.49	5.11			1 475 000	1 190 000
Receivables					43 088	36 941	43 088	36 941
Total	1 476 347	1 200 956			43 088	36 941	1 519 435	1 237 897
Financial Liabilities	Floating Interest Rate		Weighted Average Interest Rate		Non Interest Bearing		Total	
	\$		%		\$		\$	
					1999	1998	1999	1998
Creditors					27 654	34 952	27 654	34 952
Other Liabilities					0	55 113	0	55 113
Total					27 654	90 065	27 654	90 065
Net Financial Assets/ Liabilities	1 475 347	1 200 956			15 434	(53 124)	1 491 781	1 147 832

financial statements

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1998-99		1997-98
		Actual	Budget	Actual
		\$	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES				
INFLOWS				
Commissions received		480 006	325 000	415 417
Management fees received		446 799	391 325	403 667
Interest received		68 643	47 000	50 184
Other receipts		172 789	179 675	208 084
OUTFLOWS				
Salaries		(785 731)	764 000	(666 001)
Suppliers		<u>(305 115)</u>	<u>297 000</u>	<u>(228 878)</u>
Net cash provided by operating activities	2	<u>77 391</u>	<u>(118 000)</u>	<u>182 473</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Payment for property, plant and equipment		<u>0</u>	<u>0</u>	<u>0</u>
Net cash used in investing activities		<u>0</u>	<u>0</u>	<u>0</u>
CASH FLOWS FROM GOVERNMENT				
Appropriations		<u>198 000</u>	198 000	<u>185 227</u>
Net cash provided by Government		<u>198 000</u>	198 000	<u>185 227</u>
Net increase/(decrease) in cash held		275 391	80 000	367 700
Cash at beginning of financial year		<u>1 200 956</u>	<u>1 155 000</u>	<u>833 256</u>
Cash at end of the financial year	1	<u>1 476 347</u>	<u>1 235 000</u>	<u>1 200 956</u>

financial statements

NOTES TO THE STATEMENT OF CASH FLOW

1. Reconciliation of cash

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

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

	1999 \$	1998 \$
Cash	1 347	10 956
Investments	<u>1 475 000</u>	1 190 000
	<u>1 476 347</u>	<u>1 200 956</u>

2. Reconciliation of Net cash provided by Operating Activities to operating surplus

Operating surplus	310 006	292 453
Depreciation	596	596
Provision for employee benefits	34 839	21 323
Change in assets and liabilities		
(Increase) Decrease in receivables	(6 147)	23 119
(Increase) Decrease in prepayments	(1 492)	0
(Decrease) Increase in trade creditors	(7 298)	7 327
(Decrease) Increase in other liabilities	(55 113)	22 882
Government appropriation	<u>(198 000)</u>	<u>(185 227)</u>
Net cash provided by operating activities	<u>77 391</u>	<u>182 473</u>



INDEPENDENT AUDIT REPORT

OFFICE OF THE PUBLIC TRUSTEE

TRUST ACCOUNT FINANCIAL STATEMENTS

To the Members of the Legislative Assembly for the Australian Capital Territory

GENERAL

I have audited the trust account financial report of the Office of the Public Trustee for the year ended 30 June 1999. The report that was forwarded to me by the Office of the Public Trustee consists of the following financial statements together with the notes thereto:

Financial Statements consisting of

- Balance Sheet
- Statement of Income and Expenditure, and
- Statement of Cash Flows.

The presentation of the trust account financial statements, and the information contained therein, is the responsibility of the Office of the Public Trustee.

The *Financial Management Act 1996* does not contain any requirements for the Public Trustee to prepare financial statements for the trust account activities. To demonstrate accountability over the trust account the Public Trustee has prepared trust account financial statements. Although the *Financial Management Act 1996* does not require the audit of these financial statements, they have been audited and an opinion provided as if sub-section 61 of the *Financial Management Act 1996* was applicable to the audit of the trust account financial statements.

financial statements

TRUST ACCOUNT FINANCIAL STATEMENTS

AUDIT SCOPE

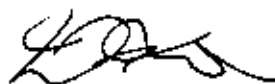
My audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial statements are free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates.

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) so as to present a view of the Office of the Public Trustee trust activities which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

AUDIT OPINION

In my opinion the accompanying Balance Sheet, Statement of Income and Expenditure and Statement of Cash Flows of the Office of the Trust Accounts of the Office of the Public Trustee present fairly in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) the financial position of the Trust Account of the Office of the Public Trustee as at 30 June 1999 and the results of its operations and its cash flows for the year.



John A Parkinson
Auditor-General

31 August 1999

financial statements

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

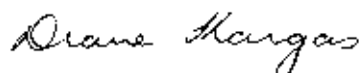
STATEMENT BY PUBLIC TRUSTEE

STATEMENT OF RESPONSIBILITY

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

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

- (i) the trust financial statements show fairly the operations for the trust financial functions of the Public Trustee for the Australian Capital Territory for the period 1 July 1998 to 30 June 1999; and
- (ii) the trust financial statements show fairly the state of affairs for the trust functions of the Public Trustee for the Australian Capital Territory as at 30 June 1999.



Diane F Kargas
Public Trustee
17 August 1999

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

financial statements **Balance Sheet
as at 30 June 1999**

	Notes	1999 \$	1998 \$
CURRENT ASSETS			
Cash at Bank		20 278	20 750
Accrued Investment Income		344 104	291 226
Investments	3	42 746 935	41 716 000
Unrealised Assets	4	16 416 857	12 436 310
<u>TOTAL CURRENT ASSETS</u>		59 528 174	54 464 286
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	105 000	110 000
Investments	3	526 000	0
<u>TOTAL NON-CURRENT ASSETS</u>		631 000	110 000
TOTAL ASSETS		60 159 174	54 574 286
CURRENT LIABILITIES			
Accrued Interest Payable		415 540	409 944
Estate Liabilities	6	355 195	398 715
Other Liabilities		404	0
<u>TOTAL CURRENT LIABILITIES</u>		771 139	808 659
NON-CURRENT LIABILITIES			
Estates, Trusts etc under administration	7	57 477 394	51 886 393
<u>TOTAL NON-CURRENT LIABILITIES</u>		57 477 394	51 886 393
TOTAL LIABILITIES		58 248 533	52 695 052
<u>NET ASSETS</u>		1 910 641	1 879 234
EQUITY			
Reserves			
Interest Account	8	437 818	451 343
Guarantee & Reserve Account	9	1 457 988	1 413 056
Asset Revaluation	10	14 835	14 835
<u>TOTAL EQUITY</u>		1 910 641	1 879 234

financial statements

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

Statement of Income and Expenditure - Common Fund Interest Account Year ended 30 June 1999

	1999	1998
	\$	\$
INCOME		
Investment Income	2 162 324	1 982 821
	<hr/>	<hr/>
	2 162 324	1 982 821
	<hr/>	<hr/>
EXPENDITURE		
Interest paid to Estates and Trusts	1 742 045	1 739 902
Management Fee	433 400	390 757
Other Expenditure	404	2 449
	<hr/>	<hr/>
	2 175 849	2 133 108
	<hr/>	<hr/>
NET OPERATING PROFIT/(LOSS)	(13 525)	(150 287)
Accumulated Surplus at beginning of financial year	451 343	601 630
	<hr/>	<hr/>
ACCUMULATED SURPLUS AT END OF FINANCIAL YEAR	437 818	451 343
	<hr/>	<hr/>

The attached notes form part of these financial statements

financial statements

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 1999

1. ACTIVITIES OF THE PUBLIC TRUSTEE

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

2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

a) Basis of accounting

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

b) Estate assets

Estates and Trusts under administration represents both realised and unrealised assets. Unrealised assets and investments of Estates and Trusts under administration are included by the Office of the Public Trustee at the estimated realisable value at the time the trust was received and may not represent current realisable value.

c) Unrealised Assets

Unrealised Assets consist mainly of assets being managed as part of Trusts, Deceased Estates, Management and Power of Attorney Accounts and are valued at the date of commencement of Administration by the Office of the Public Trustee.

d) Property, Plant and Equipment

Property, Plant and Equipment is valued at cost with land and buildings being subject to periodic revaluations. The last revaluation of land and buildings was at 30 June 1995 and was on the basis of net realisable value. The valuation was performed by an independent valuer Raine & Horne.

financial statements

e) Depreciation

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

f) Investments

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

3. INVESTMENT

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

The value of these investments is as follows:

	1999 \$	1998 \$
CURRENT		
Short Term Money Market and Interest		
Bearing Deposits	14 157 552	41 690 000
Short Term securities	28,589,383	0
Mortgages	0	26 000
	<hr/>	<hr/>
	42 746 935	41 716 000
	<hr/>	<hr/>
NON-CURRENT		
Long Term Securities	500 000	
Mortgages	<u>26 000</u>	<u>0</u>
	526 000	0
	<hr/>	<hr/>

4. UNREALISED ASSETS

Unrealised assets have been brought to account, at cost or at estimated valuation as follows:

Real Estate, at estimated valuation	11 884 385	8 994 679
Cash or equivalent, at cost	4 182 446	3 255 388
Personal effects, at estimated valuation	350 026	186 243
	<hr/>	<hr/>
	16 416 857	12 436 310
	<hr/>	<hr/>

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	1999 \$	1998 \$
5. PROPERTY, PLANT AND EQUIPMENT		
Leasehold building, at cost	125 000	125 000
Less : Depreciation	20 000	15 000
	<hr/>	<hr/>
	105 000	110 000
	<hr/>	<hr/>
6. ESTATE LIABILITIES		
Estimated liabilities have been brought to account, and are as follows:		
Mortgages	237 245	336 023
Funeral expenses	11 931	8 211
Bank Loans and bankcard	17 242	0
Sundry Debts	88 777	54 481
	<hr/>	<hr/>
	355 195	398 715
	<hr/>	<hr/>
7. ESTATES, TRUSTS ETC UNDER ADMINISTRATION		
Deceased Estates	6 624 365	7 308 041
Power of Attorney	1 495 970	1 689 849
Court Trusts	32 289 975	30 886 693
Protected Estates	374 001	445 054
Estate Trusts	6 249 147	4 891 435
Unclaimed Monies	1 994	2 096
Management Orders	10 439 982	6 585 700
Confiscated Assets	1 960	77 525
	<hr/>	<hr/>
	57 477 394	51 886 393
	<hr/>	<hr/>

The movement in the value of accounts under administration represents the value of new trusts and estates received less finalisations and distributions during the year 1 July 1998 to 30 June 1999.

8 INTEREST ACCOUNT

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 that account is invested in authorised trustee investments through the Common Fund. Interest is credited half-yearly to estates, trusts and persons on whose behalf money is held in the common fund, under section 59 of the Public Trustee Act 1985.

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9. 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 Fund on the realisation of an investment.

Movements in the reserve were as follows:

	1999 \$	1998 \$
Balance at beginning of year	1 413 056	1 369 338
Add : Interest received	66 132	64 845
Less : Expenses	(16 200)	(16 127)
- Depreciation	(5 000)	(5 000)
	<hr/>	<hr/>
Balance at end of year	1 457 988	1 413 056
	<hr/>	<hr/>

10. ASSETS REVALUATION RESERVE

Closing Balance	14 835	14 835
	<hr/>	<hr/>

11. ADDITIONAL INFORMATION

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

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PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

TRUST ACCOUNT

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999 \$	1998 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
INFLOWS			
Interest received		2 175 577	2 025 272
OUTFLOWS			
Interest paid to estates and trusts		(1 736 450)	(1 857 507)
Other payments		<u>(450 004)</u>	<u>(409 334)</u>
Net cash provided by operating activities	2	<u>(10 875)</u>	<u>(241 569)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
INFLOWS			
Proceeds from sale of investments		28 633 995	14 596 000
OUTFLOWS			
Payment for purchase of investments		<u>(30 190 930)</u>	<u>(18 040 000)</u>
Net cash used in investing activities		<u>(1 556 935)</u>	<u>(3 444 000)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
INFLOWS			
Receipts to trusts and estates		19 080 086	16 136 204
OUTFLOWS			
Payments from trusts and estates		<u>(17 512 748)</u>	<u>(12 470 738)</u>
Net cash used in financing activities		<u>1 567 338</u>	<u>3 665 466</u>
Net increase (decrease) in cash held		(472)	(20 103)
Cash at beginning of reporting period		<u>20 750</u>	<u>40 853</u>
Cash at end of financial year	1	<u>20 278</u>	<u>20 750</u>

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NOTES TO THE STATEMENT OF CASH FLOW

	1999 \$	1998 \$
1. Reconciliation of cash		
For the purpose of the statement of cash flows cash includes cash on hand and in banks. Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the balance sheet as follows:		
Cash	<u>20 278</u>	<u>20 750</u>
2. Reconciliation of Net cash provided by Operating Activities to operating surplus		
Operating surplus - Interest account	(13 525)	(150 287)
- Guarantee and Reserve account	44 932	43 718
(Increase)decrease in accrued income	(52 878)	22 394
Increase(decrease)in accrued interest payable	5 596	(117 605)
Depreciation	<u>5 000</u>	<u>5 000</u>
Net cash provided by operating activities	<u>10 875</u>	<u>241 569</u>

Key Policy Issues



Customer Focused Public Service

By nature of its trust and management operations, the Office has regular customer contact and this, as a consequence, creates a continued focus on service standards and delivery. Staff revised their Commitment to Service Statement, which was developed as part of the ACT Government initiative and is readily available to the public. The statement, detailing the services the Office delivers, sets standards for those services and advises avenues for public feedback and response. There have been no reported breaches of those standards for the year. A client survey was developed and conducted and is continually available for all clients to respond to and to provide feedback on ways to improve our service delivery.

As a continuing part of our commitment to clients, staff work within their code of conduct which supports their professional and client responsibilities by encouraging them to strive to:

- » excel in the delivery of services to our clients
- » act with honesty and integrity
- » treat our clients, colleagues and other staff members with respect and courtesy
- » act in a professional, competent and accountable manner
- » foster and contribute to a team environment
- » maintain client confidentiality
- » comply with all Acts and other lawful requirements relating to the Public Trustee's role and functions
- » assist the Public Trustee to operate in a commercially focused manner.

Fraud Prevention

The Public Trustee has in place appropriate controls and checks as safeguards to ensure a high level of security for client funds and confidentiality of their files. The Office's trust accounting system has been designed specifically for the Trustee Industry and also meets standards for client confidentiality and security control. Awareness and accountability issues are addressed on an ongoing basis and existing controls collectively deliver a high degree of certainty for clients. No incidents of fraud were detected or reported during the year.

Equal Employment Opportunity

The Office is a party to and promoter of the Equal Employment Opportunity Management Plan of the Department of Justice and Community Safety. The Office continues to implement EEO principles and practices as part of its staffing strategy. Specific achievements include the continuation of part-time positions to accommodate the family carer role of parents.

Resources

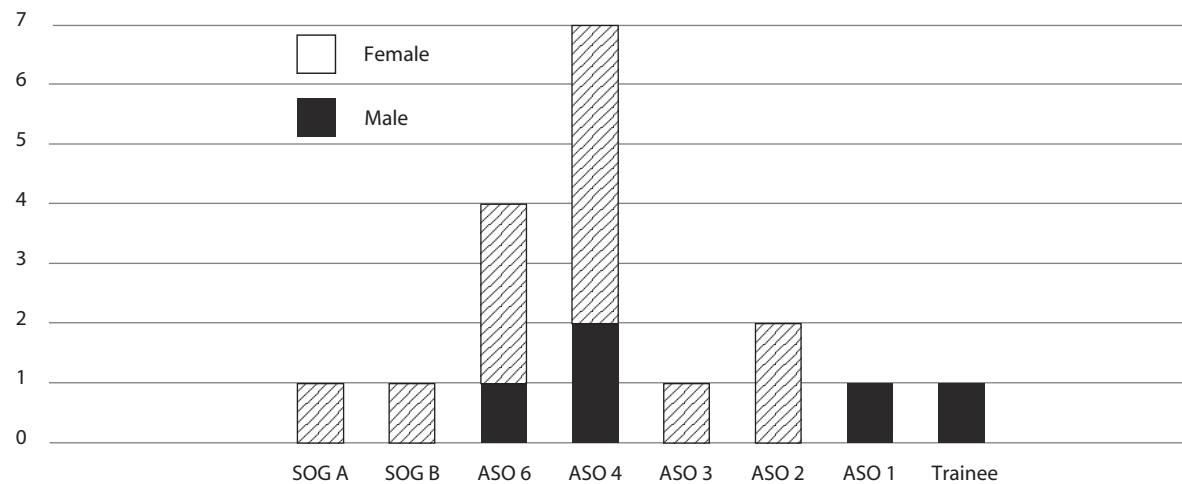
Staffing Profile

The staffing profile of the Public Trustee is detailed in Part A of this report and can be divided into three sections or subsections: Trust, Financial Management and Administration. Interaction between sections is high and all staff have continued involvement with the public. Emphasis is on continuous improvement in client service delivery and the Office is indeed fortunate to have a highly motivated team focused and committed to the delivery of quality trustee services to the ACT community.

As at 30 June 1999, employees totalled 18 (with one person on long service leave), consisting of 15 full-time and 2 part-time officers and an office trainee (17.2 effective full-time equivalents). The change in staffing numbers is due to the trial of a client service officer for the financial management unit and an office trainee through the traineeship scheme.

All staff are employed under the Public Sector Management Act and there were no redundancy payments or redundant workers re-employed during the year.

Figure 8 Staffing by level and gender



Worker's Compensation

There was one new worker's compensation claim during the financial year. Changes to the work area and duties have overcome the problem to the satisfaction of both the staff member and Comcare. The annual premium for the office in 1998/99 was \$21,340 compared to \$7,416 in the previous year. The increase in the cost of the Comcare premium was due to a re-calculation of previous premiums. The Office has negotiated with the Department of Justice and Community Safety to be included in the departmental premium for future years, which will provide the office with a more equitable premium.

Training and Staff Development

Staff are encouraged to undertake subjects on estate and trust administration through the Executor and Trustee Institute, the educational arm of the Trustee Corporations Association of Australia. During the year, three staff successfully undertook continued training through the Institute as part of the new competency based training program.

The Office sponsored staff on training courses on word processing Excel spread sheeting and effective telephone and reception techniques. A new staff member attended an MYOB financial training course. A number of staff attended training workshops on improving customer service and dealing with difficult clients. Staff also represented the office at conferences dealing with trust accounting, guardianship and administration and marketing of business products.

As part of the Government's commitment to service initiative, the Public Trustee attended Business Re-Engineering workshops. This training is seen as beneficial in dealing with continuous improvement programs within the Public Trustee Office and the Department generally.

Statutory Requirements



Occupational Health and Safety

The Office's Occupational Health and Safety Management Co-ordinator is also a member of the Health and Safety Committee which addresses OH&S issues on a departmental level. In a busy office with diverse office equipment, OH&S issues receive ongoing consideration and staff are encouraged to bring forward matters of concern. No incidents were reported during the year.

Ongoing accommodation issues have been a high priority for the Office. However, in November 1998, the office successfully negotiated a move from the first floor of Mort Street to a larger, purpose-built area on the fourth floor in the same building. The move was completed in June 1999. Although the move was the

second in three years, it provides the staff with an improved working area with a number of meeting and conference rooms, which addresses the diverse needs of our clients. The new area accommodates the safety and privacy issues of clients, whilst providing a welcoming and comfortable reception area for clients who are often elderly, bereaved, disabled and/or distressed.

Commissioner for the Environment

The Public Trustee fosters a workplace which works towards reducing any environmental impact wherever possible. Electrical equipment and lights (other than security facilities) are maintained on a timer to ensure power is not wasted. The Office recycles used paper and utilises unbleached paper wherever possible. The Public Trustee continues to utilise the benefits of electronic mail and the Internet to continually improve services and to further save paper usage.

Public Interest Disclosure

The Office has administrative procedures in place to deal with persons wishing to make a disclosure of matters under the Public Interest Disclosure Act. Any such person is advised that they may refer the disclosure direct to the Department of Justice and Community Safety (Ministerial and Corporate Services Section), the ACT Ombudsman or the ACT Auditor General. If the Office receives a disclosure direct, it is forwarded to one of the above. No public interest disclosures were received during the 1998/99 financial year.

Freedom of Information

The functions of the Public Trustee's Office are fiduciary in nature. Documents held include Trust files, Deceased Estate files, Management files, Investment Board minutes, Income Tax files, Wills and Powers of Attorney. These files and documents are confidential and are available only to persons with a legal right to them. There were no requests for information under the FOI Act during the year.

