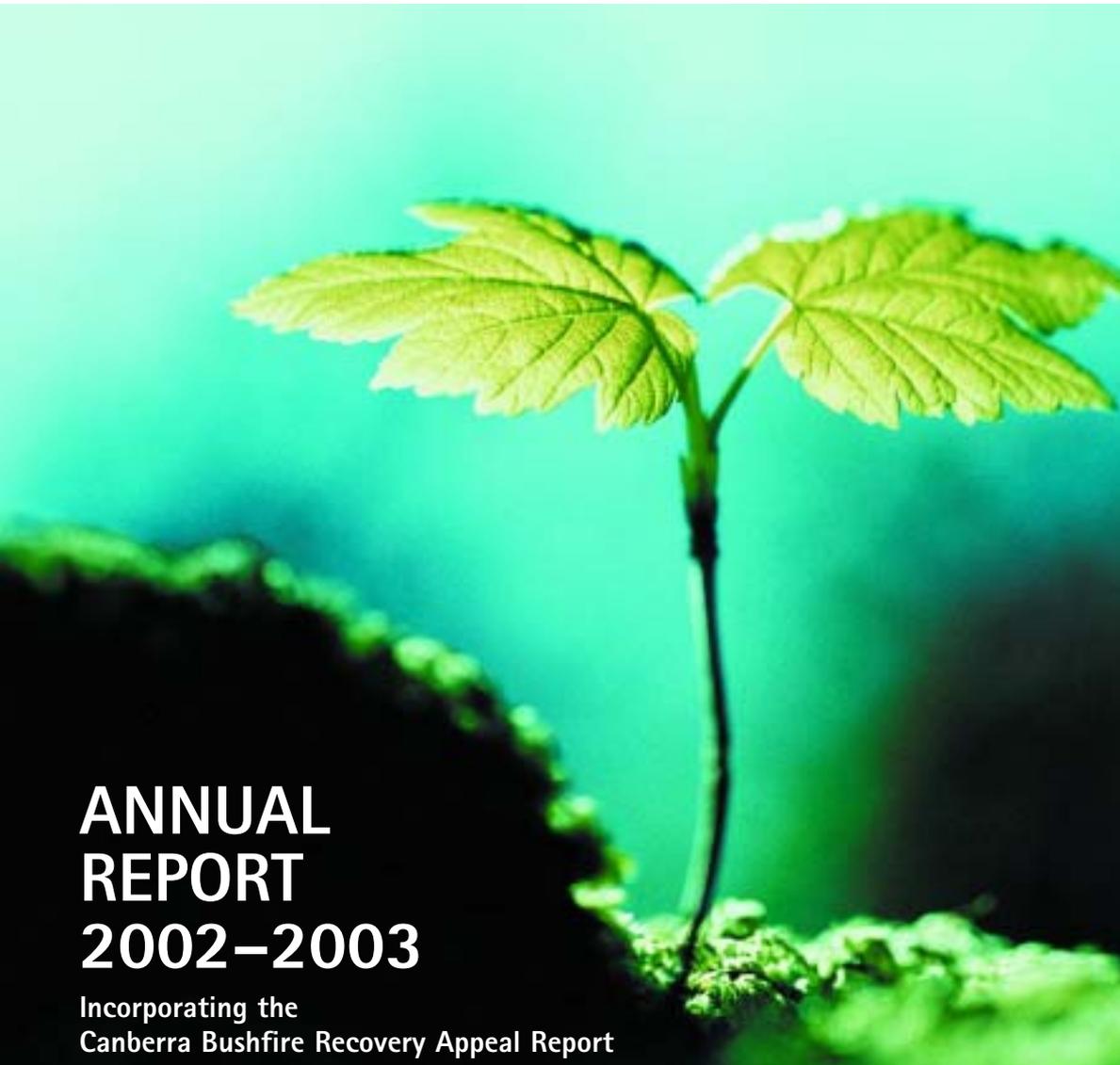




PUBLIC  
TRUSTEE  
FOR THE  
AUSTRALIAN  
CAPITAL  
TERRITORY



# ANNUAL REPORT 2002–2003

Incorporating the  
Canberra Bushfire Recovery Appeal Report



GROWING WITH OUR COMMUNITY



# ANNUAL REPORT 2002 – 2003



GROWING WITH OUR COMMUNITY

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

"TO BE PEOPLE'S FIRST THOUGHT AND CHOICE FOR TRUSTEE AND RELATED SERVICES"

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## PUBLIC TRUSTEE FOR THE ACT

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**PUBLIC TRUSTEE  
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Mr Jon Stanhope MLA  
Attorney-General  
London Circuit  
CANBERRA ACT 2601

Dear Attorney-General

I am pleased to present the Public Trustee's Annual Report for the year ended 30 June 2003.

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.

The Report includes all information pertinent to the operation of the Public Trustee for the ACT and incorporates the activities of the Canberra Bushfire Recovery Appeal.

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 2002 to 30 June 2003 and complies with the Chief Minister's Annual Report 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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# ABOUT US

The Public Trustee may act as a trustee, executor of a will, administrator of an estate, collector of an estate, receiver, agent or attorney, manager or guardian, as described under the provisions of Section 13 (1) of the *Public Trustee Act 1985*.

The range of services that the Public Trustee offers to the people of the ACT includes:

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

At the Public Trustee's Office we seek to ensure that our Mission, Vision and Values are applied to decision making, policy and service delivery everyday.

Our Mission is the purpose of our existence and is ..

*To deliver to all people in the ACT a full range of quality trustee and related services.*

Our vision expresses our goal for the future and is ...

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

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

*In delivering our services, you can expect us to ...*

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

# THE YEAR IN REVIEW



Ms Diane Kargas  
Public Trustee

The year in review has been a defining one for the people of Canberra. At the Public Trustee, the year has been both professionally and personally challenging with the Office successfully responding to increases in business transaction and also actively being involved with the management of donations flowing from the Canberra Bushfire Recovery Appeal.

This year's Public Trustee Annual Report communicates detail on the activities and outcomes of the Office as well as incorporates the Annual Report for the administration of the Canberra Bushfire Recovery Appeal Board.

As I have indicated in previous reports, the Office's focus over past years has been on building its expertise to deliver professional trustee services that are respected and used by people of the ACT. With this emphasis, the appointment of the Public Trustee as the trustee for the Canberra Bushfire Recovery Appeal, enhanced our expertise and offered a valuable opportunity to fulfil an integral role in supporting and growing community within the ACT.

The increased management of funds and transactions experienced during the year assisted to sharpen our focus on the necessity to deliver professional trustee services and through this, increased recognition by the Canberra community of the services available from the Office. This focus is fundamental for the Office to preserve its future financial sustainability and drives the future direction which is articulated in the recently completed *the Public Trustee for the ACT Business Plan 2003-2005*. This document, developed consultatively with staff, provides the blueprint for the strategic and operational priorities of the Office.

Integral to the Public Trustee's vision to be people's first thought and choice for trustee and related services is the development and enhancement of partnering relationships with the private sector which foster broader promotion of the services offered by the Office. A key strategy includes sponsorship by the Office of relevant community events, offering opportunity to both promote the Office and receive, in return, mutual services that add value to the services our clients require. This year new sponsorship of activities included involvement with the Disability Sport Program and John Curtin School of Medical Research.

The anticipated creation of a Capital Region Community Foundation, the first public charitable fund of its kind in the Australian Capital Territory and the Region now provides people of the ACT with greater choice to assist with their philanthropic intent. The administration of the foundation is the responsibility of the Public Trustee together with a Board of Governors who will be chosen from the ACT and regional community. Lady Deane has kindly agreed to be Patron of the Foundation and I look forward to working with her in the coming year.

Amendments to the *Public Trustee Act 1985* enabled the creation of the Public Trustee Investment Board. This is a welcomed enhancement to the Office's governance arrangements. I welcome

members of the new the Public Trustee Investment Board and look forward to working with them and their individual expertise. I would particularly like to express my thanks to Ms Edith Friedman who completed a period of service with the predecessor to the Investment Board.

The ability to assist the people of the ACT through the services of this Office would not be possible without the commitment and effort of a staff and those in the private and public sector who partner with us to deliver our services. This annual report highlights the significant contribution of the many involved.

I would like to acknowledge the spirit and generosity of the Canberra and wider Australian community witnessed through their donations to the Canberra Bushfire Recovery Appeal and express my thanks to you for the many inspirational letters attached to donations and letters of thanks from people most affected by the bushfires of 18 January 2003.

To the members of the Canberra Bushfire Recovery Appeal Board and Management Committee your tireless effort in ensuring that Canberrans affected by the bushfires shared equitably in the donations is acknowledged. Without each of these members expertise, insight and commitment quick and fair allocation of the donations might not have occurred.

The commitment of our staff to our clients has been again highlighted in the feedback surveys conducted this year. We are fortunate to enjoy a reputation of integrity and reliability that can only be maintained by our staff doing their work to the highest standard. This is again reflected in the feedback provided by our clients and indicates a high level of satisfaction with our services.

I would also like to thank Tim Keady, Chief Executive, Department of Justice and Community Safety for guidance and support.



Diane Kargas  
Public Trustee



# CORPORATE GOVERNANCE

## RESPONSIBLE MINISTER

The Public Trustee is directly responsible to the Department of Justice and Community Safety under the Attorney-General for the administration of its principal legislation and for ensuring the Public Trustee is managed in accordance with sound business practices.

## PRINCIPLE LEGISLATION

The Public Trustee is regulated by but not limited to the following legislation:

- *Public Trustee Act 1985*
- *Audit Act, 1989*
- *Adoption Act, 1993*
- *Administration and Probate Act, 1929*
- *Crimes Act, 1900*
- *Financial Management Act 1996*
- *Guardianship and Management of Property Act, 1992*
- *Powers of Attorney Act, 1956*
- *Proceeds of Crime Act, 1991*
- *Trustee Act, 1925*
- *Wills Act, 1968*

## RESPONSIBILITY

The Public Trustee for the ACT is a corporation sole pursuant to the *Public Trustee Act 1985* and has the powers of a natural person. The office is established to provide permanent and secure trustee services to the ACT community. The Public Trustee has the full responsibilities of the trustee in carrying out the roles and functions of the Office.

The Public Trustee has day-to-day responsibility for the efficient and effective administration of the Office, including service delivery and organisational and resource performance and ensuring the conduct of the staff is of the highest order and operation fully complies with the law and responsibilities of a trustee.

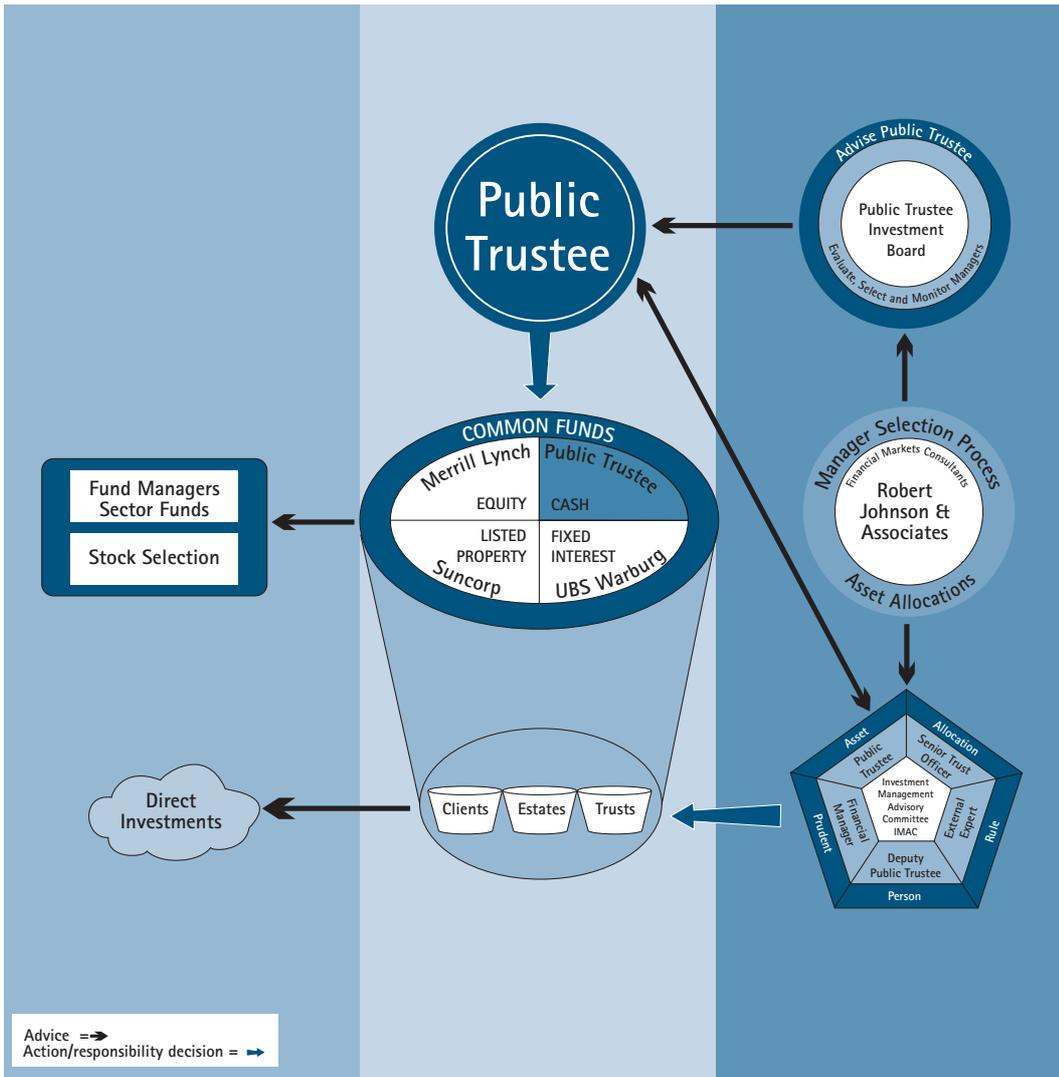
The Public Trustee maintains a range of Common Funds under section 55 of the *Public Trustee Act 1985* to pool investments and derives revenue for accounts entrusted to the care of the Public Trustee.

## BOARDS AND COMMITTEES

A key element in the corporate governance structure of the Public Trustee that assists with achieving the organisation's strategic and operational objectives are the various committees which exist to advise to the Public Trustee or to act as a decision making forum.

There is no governing board for the Public Trustee. The following diagram is an overview of the advisory and decision making process for the management of both individual client trusts and the overall common fund.

### OVERVIEW-ADVISORY AND DECISION PROCESS



*Investment of funds in estates, trusts and management accounts is governed by the prudent person principle of the Trustee Act 1925 and any additional powers or directions of the individual trust deeds.*

*The Public Trustee Investment Board supervises the management of the Common Funds with the assistance of external financial markets consultants, Robert Johnson and Associates, providing advice to the Public Trustee.*

*An internal committee, the Public Trustee Investment Advisory Committee sets direction, approves investment reviews and endorses asset allocations under the prudent person principle.*



Mr Leonard John Early

## PUBLIC TRUSTEE INVESTMENT BOARD

Recent amendments to the *Public Trustee Act 1985* established The Public Trustee Investment Board. The amendments confer responsibility upon the Board for advising the Public Trustee on the investment of money that is from time to time in a common fund or otherwise in the hands of the Public Trustee and available for investment.

### ROLE

The purpose of the Investment Board is to foster and contribute to outcomes in the Public Trustee's overall funds management and investment activities through ensuring best practice in financial management and risk management consequently improving corporate governance and producing good financial return.

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

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



Ms Karen Elizabeth Doran

### BOARD MEMBERSHIP

The Board consists of the Public Trustee and at least two other members appointed by the Minister for a period not longer than 3 years. Members of the Board were appointed on 6 May 2003 and are:

- Mr Leonard John Early who brings expertise in fund management, risk management and corporate governance;
- Mr Roger Broughton, Acting Under Treasurer. Mr Broughton has extensive experience in ACT Government financial policy together with his responsibilities in the financial management and investment of ACT Government funds and superannuation;
- Ms Karen Elizabeth Doran, Actuary, Doran Consulting with extensive analytical and numerical ability experienced in dealing with liabilities, risk elements and superannuation matters;
- Ms Glenys Roper, Business and management adviser with Board experience in superannuation and governance matters.
- Ms Diane Kargas, Public Trustee, Chair ex officio.



Mr Roger Broughton



Ms Glenys Roper

Public Trustee Investment Board members do not receive remuneration.



Ms Diane Kargas



## PUBLIC TRUSTEE INVESTMENT BOARD

GPO Box 515  
CANBERRA ACT 2601

When Replying  
Please Quote:

Telephone:  
Facsimile:

(02) 6207 9800  
(02) 6207 9811

### Report of the Public Trustee Investment Board

Amendments to the Public Trustee Act 1985 which came into effect during the 2003-2004 financial year established the Public Trustee Investment Board. This is first report of the Public Trustee Investment Board.

Members of the Board were appointed for a three year term commencing 6 May 2003.

An initial introductory meeting of Board members occurred on 14 May 2003 with an extraordinary meeting of the Board being held on 28 May 2003 to develop the Board's Charter and role in supporting the Public Trustee. All members were present.

The meeting endorsed the Charter of the Investment Board. A full version of the Board's Charter is included in the Public Trustee for the ACT Business Plan 2003-2005.

The summarised role of the Investment Board is to support the Public Trustee in fulfilling her obligations under the *Public Trustee Act 1985*, *Trustee Act 1925* and the *Financial Management Act 1996* through the provision of expert advice and assistance for common fund and ACT Government Trust Fund investments.

Investment Board members look forward to working with the Public Trustee over the coming three years.

A handwritten signature in cursive script that reads "Diane Kargas".

Chair  
Public Trustee Investment Board

## PUBLIC TRUSTEE INVESTMENT MANAGEMENT ADVISORY COMMITTEE

The purpose of the Investment Management Advisory Committee is to assist the Public Trustee Investment Board with the ongoing management of the prudent investment process.

### ROLE

The role of this Committee includes:

- Evaluating and recommending suitable fund managers to the Public Trustee Investment Board for approval;
- Recommending to the Public Trustee levels for individual trust investment plans;
- Review and oversight of the Investment process;
- Providing quarterly reports to the Public Trustee Investment Board on the review progress of investment plans and findings;
- Consideration of all trusts with an asset value of or exceeding \$1 million;
- Review and advice on asset allocation on individual trusts that come to the attention of the Committee due to special circumstances; and
- Development of investment plans for particular trusts in special circumstances.

### COMMITTEE MEMBERSHIP

- Deputy Public Trustee – Investment Manager, Chair
- Public Trustee
- Senior Trust Officer – Investment Officer
- Finance Manager
- This Committee meets at least quarterly.



*Public Trustee Investment Management Advisory Committee members*

## PUBLIC TRUSTEE RISK MANAGEMENT COMMITTEE

Risk management forms part of the Public Trustee's corporate governance arrangements, complementing the audit and management advisory functions.

### ROLE

The Risk Management Committee oversees all aspects the six-step risk assessment process as it relates to the operations of the Public Trustee. Risks identified in the risk management plan to be regularly reviewed, particularly when changes to respective procedures and practices are contemplated.

### COMMITTEE MEMBERSHIP

Following the Department of Justice and Community Safety's completion of tender for a preferred internal audit service provider, the Office will commence meetings of its Risk Management Committee. Membership will comprise a senior officer representative from each functional area within the Office although, depending on the subject matter to be discussed, there may not be a need for all members to attend all meetings. Broad membership should ensure that consideration is given to the impact of any proposed strategy on all areas within the Office and should also facilitate the dissemination of any decisions.

Preferred membership is:

- Public Trustee, Chair
- Deputy Public Trustee, Investment Officer
- Practice Manager
- Finance Manager
- Office Manager

External advice may be sought as required.

Reports will be provided to the Public Trustee Investment Board for information and from time to time Advice may also be sought from the Public Trustee Investment Board.

The frequency of meetings is to be determined by the Public Trustee and/or members according to need, however it is suggested that the Committee convene at least annually to consider items for audit.

## PRUDENT PERSON PRINCIPLE

The Office's response to the introduction of Prudent Person Trust Investment rules in 2002 saw the establishment of unitised sector common funds, including the Public Trustee Listed Property Trust Common Fund launched during 2002. These funds offer greater choice and diversification to the Office's investment responsibilities and place greater pressure on the Public Trustee to achieve its aim of meeting both its own and clients' financial needs. This is particularly evident in the current environment of volatile investment markets and low interest rates.

To assist the Office with the task achieving its investments goals expert consulting advice is sought from Robert Johnson and Associates. Mr Johnston is engaged on the basis of his expertise in the trustee area and more particularly in the 'prudent person principle', to provide appropriate independent advice the Office and Public Trustee Investment Board.

## INDEPENDENT ADVICE

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

- Merrill Lynch;
- Suncorp Pty Ltd; and
- UBS Global Asset Management Pty Ltd.

## INDEPENDENT LEGAL ADVICE AND ACTIONS

The ACT Government Solicitor provides legal Advice to the Office.

No legal action was commenced against the Public Trustee during the year in review.

## CORPORATE PLANNING FRAMEWORK

The Public Trustee for the ACT is an organisational unit of the Department of Justice and Community Safety. The Office has participated in the Department's Corporate Renewal Process and the relevant committees involving the development of strategic plans for the Department.

The Office's priority this year has been review of its strategic direction and completion of this process culminated in the completion of *the Public Trustee for the ACT Business Plan 2003-2005*.

An Annual Statement of Intent is also entered into between the Public Trustee and the ACT Treasurer, which identifies a range of targets and performance measures for the Office.

## ASSEMBLY COMMITTEES AND GOVERNMENT INQUIRIES

There were no submissions made to Assembly committees during the year.

## REVIEW BY THE ACT OMBUDSMAN

No formal correspondence or issues relating to the Office were made to the ACT Ombudsman's Office.

## PUBLIC INTEREST DISCLOSURE

The Office has administrative procedures in place to assist people who wish to disclose 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, the ACT Ombudsman or the ACT Auditor General. If the Public Trustee receives a disclosure direct, it is forwarded to one of the above. No public interest disclosures were received during 2002-2003.

## 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 people with a legal right to them.

The Office received no requests for access to documents under *the Freedom of the Information Act 1996*.

A Freedom of Information Statement is contained in the Department of Justice & Community Safety Annual Report for 2002-2003.

## RECORDS MANAGEMENT

In response to the introduction of the *Territory Records Act 2002* the Office completed its Record Management Policy.

# AUDIT & EVALUATION

## EXTERNAL AUDIT

The ACT Auditor-General annually reviews the corporate and Trust financial reports of the Office.

Audits are conducted in accordance with Australian Auditing Standards and include examination of sample evidence supporting the amounts and other disclosures in the financial statements and the evaluation of accounting policies and significant accounting estimates.

No qualification was made on the financial reports of the Office.

## REPORTS BY THE AUDITOR GENERAL

No adverse statements were made by the Auditor General regarding the operations of the Office during the reporting period.

The Office did not make any comments in response to Auditor-General Reports.

## FRAUD PREVENTION

Risk, integrity and fraud management form part of the Public Trustee's governance arrangements complementing the audit and management advisory functions. The aim of the process is to provide a safe environment for employees, clients and visitors, to protect the office's physical assets, human and financial resources and assets and to protect the integrity of the office's operations. 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 use by the Trustee Industry and also meets standards for client confidentiality and security control.

All staff are encouraged to actively manage risk and be alert for the potential. In readiness for the first meeting of the Risk Management Committee, an assessment of areas of risk and tolerances for the Office has been completed. The following table identifies the key areas for risk and tolerance level. Full detail of the process for determining risk is outlined in the Public Trustee for the ACT 2002-2005 Business Plan.

Key Areas of Risk	Tolerance Level (zero, low, moderate, high)
Failure to meet statutory requirements	• Zero tolerance for legislative and regulatory breaches
Failure to maintain reputation in the market	• Zero tolerance for poor perception in the market
Misappropriation of funds	• Zero tolerance for defalcation
Mismanaged client/customer investments including government trust funds	• Zero tolerance for system and procedural breakdown and operational inefficiencies
Inappropriate process for developing and implementing investment strategy of common funds	• Zero tolerance for breakdown in due process, system and procedural breakdown and operational inefficiencies
Failure to achieve at least the operating result and net asset position detailed in the Statement of Intent	• Low tolerance for poor performance
Disclosure of client information and personal records	• Low tolerance for system and procedural breakdown and operational inefficiencies
Material errors in Office and Trust financial statements	• Low tolerance for system breakdown, lack of data integrity and poor performance
Poor client service or lack of professionalism	• Low tolerance for system inefficiencies, capabilities gaps and poor management of workload
Lack of industry knowledge and expertise	• Low tolerance for capability gaps and lack of staff development

# KEY RESULTS AND PERFORMANCE

The Public Trustee offers choice to all members of the ACT community with access to local full-time, professional and competitive trustee and estate administration, will-making and financial management under Enduring Power of Attorney services.

The Public Trustee's significant focus continues to be meeting its Community Service Obligation and encouraging growth in other self funding business areas such as retirement and estate planning. Retirement and estate planning is vital for all Canberrans to ensure the continued financial wellbeing of the ACT community. The Office is therefore committed to offering its trustee and related services to all members of the ACT community and is well positioned to assist community members to "plan for their future" during what can be a complex and stressful process.

Whilst being a public sector organisation, the Public Trustee has, under *the Public Trustee Act 1985*, the status of being a corporation sole. Section 75 of the Act, requires the Office to charge for services provided and but provides for the exercise of discretion to reduce charges for services on the basis of hardship. The office's fees and commissions are broadly set in line with those charged by similar organisations in other states.

These fees are charged on the principle that, where there is capacity for a client to pay, fees should be charged for the Public Trustee's services.

The appointment of the Public Trustee to provide financial management services to clients under order of the Guardianship and Management of Property Tribunal are delivered on behalf of the ACT Government as part of the Office's delivery of its community service obligations. In support and recognition of the Office's delivery this community service obligation, the Public Trustee receives partial funding from the ACT Government.

While partial budget funding is received, there is an expectation that the Public Trustee's operations will be primarily self sustaining and as such, the Office's ability to continue to fund the increasing number of community service obligations will be largely dependent upon growth in profitable business areas.

## OUR PERFORMANCE

There is constant focus on improving the Office's reporting systems to meet requirements of both internal management and external stakeholder. The measurement of performance by an organisation such as the Public Trustee must acknowledge that while financial factors are of significance, the organisation exists to fulfil a range of objectives which form part of the Government's social and fiscal responsibilities.

The Office's key performance measures are:

- The increase in volume of new business;
- Return on investment of clients funds; and
- Client satisfaction including the Office's ability to meet agreed standards and provide professional, efficient and effective services to the ACT community.

Against this operational context, during the year in review the Public Trustee successfully:

- Completed, in readiness for on-line access for people seeking information, data on unclaimed monies in the ACT;
- Established the Capital Region Community Foundation for philanthropic bequests and donations and received its first grant of \$60,500;
- Responded to increased number of clients – both under community service orders and commercial;
- Distributed \$8.7 million of gifts/donations from the Canberra Bushfire Recovery Appeal to eligible Canberrans;
- Created a Listed Property Trust for clients who invest under the Public Trustee; and
- Competed with 20 large and small ACT Government agencies to receive a highly commended award in the Small Agency Category of the Institute of Public Administration for its 2001-2002 Annual Report.

#### WHAT OUR CLIENTS SAY...

The senior trust officer who assisted us recently was an extremely pleasant & knowledgeable person. Our interviews were conducted in pleasant & constructive manner the advice given (and taken) gave us a greater peace of mind. I was very much impressed by the prompt, efficient and friendly service.

A potentially complex problem was efficaciously eliminated. All best wishes. Provide details to University publications to promote power of attorney situation to young students. Promote the \$55.00 will fee as this is value for money for students. I am disturbed and disappointed to read that the Public Trustee is acting like a profit-making firm – in making donations, the trustee is using public money without consent or reference to its clients. Trustee income should be shared with citizens. I felt well informed at all times and appreciated the 2nd letter, which explained about the delay and gave expected completion time. Thank you.



*Estate and Trust Management team*

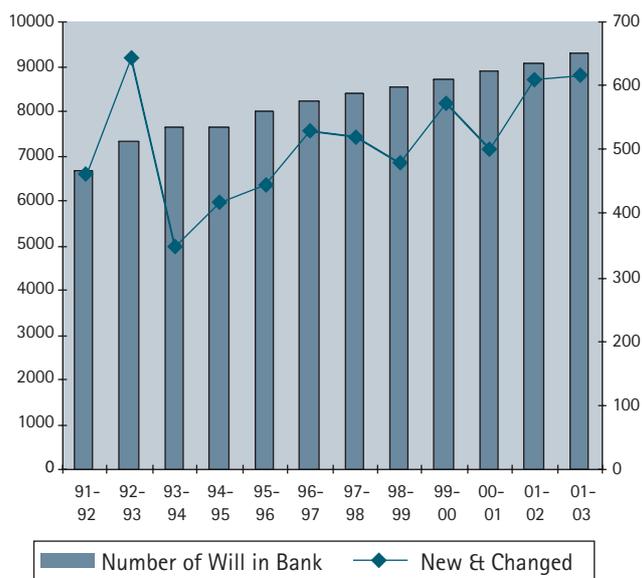
# OUR PRODUCTS AND SERVICES

## WILLS

Wills are prepared for people who choose to appoint the Public Trustee as Executor, co-executor or substitute executor. Our Will preparation service is both a specialist and community service. The Office continues to promote the importance of having a professionally drafted and current Will to ensure that assets are distributed in accordance with wishes. In order to meet clients' special needs, our staff regularly visits client's homes, nursing homes and other supported accommodation.

- This year 617 Wills had activity occur, approximately 60% were new wills.

### NUMBER AND ACTIVITY OF WILLS IN WILL BANK AS AT 30 JUNE 2003



## ESTATES

We manage both testate (Will) and intestate (no Will) estates, and by law cannot decline an estate purely on the basis of value. We accept referral of estates from executors or administrators who wish to discontinue their involvement in estates entrusted to them. Administering an estate requires an understanding of complex probate, trustee and wills legislation as well as taxation, accounting and sound business practices.

- The value of estates completed in the year rose considerably over previous years with the estimated value estates finalised during the year totalling \$17,357,358, almost doubling the previous years total. This is primarily due to the increase in the property market and the diversification of estates to include share portfolios; and
- 30 real estate properties were sold and 2 purchased for our clients at an estimated value of \$6,858,600.00.



Ms Sue La Peyre  
Practice Manager

### WHAT OUR CLIENTS SAY...

We appreciated the help we were given in making a will. Everything was explained in a patient and professional manner. It made making a will a simpler matter, instead of the complex procedure we had expected. I recently made a new will at your office. Sue La Peyre attended to this for me. I found her most helpful and very patient in every way. I had a recent appointment only to update an existing will. It wasn't very complicated and was quite painless, the officer was most efficient and pleasant. In 1996 when my husband died my family and I did a lot of spadework ourselves. Try to make things – simple/plain English as there are a people who's English is a second language, also people believe or think that making a will is scary. People don't want to think about dying or what happens after they pass away. This was our second visit to the public trustee for servicing of our wills. On both occasions we were assisted by Mr Peter Telford, his courtesy, efficiency, knowledge and help were of the highest order, he is a credit to the trustee.

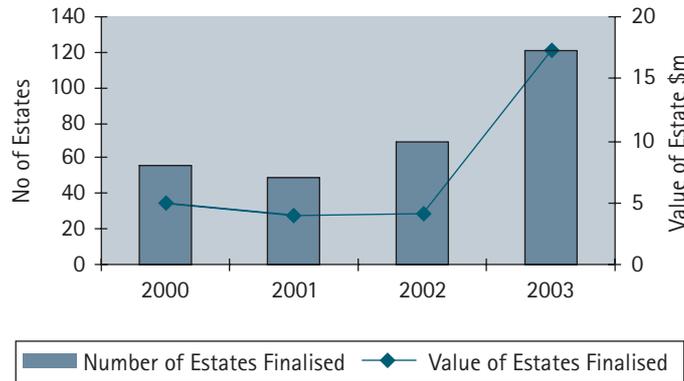
## WHAT OUR CLIENTS SAY...

My sincere thanks to Mrs Margaret Meiklejohn who combined professional standards with a very warm and friendly personality. For me, legal advice and help has never been such a pleasure. Would be good if Public Trustee could explain what the commission rate is and if there is extra commission applying to parts under other legislation. As a young couple we were impressed with the service and felt safe and confident with the choices we have made, on the excellent assistance given to us by the Public Trustee Representative. Receptionist, trustee all staff I sum up in one word "perfect" its wonderful to have such a place in Canberra. All staff was professional and accommodating. Toni Leiper was exceptionally helpful and understanding. Correspondence prompt and information accurate.

I would like you to convey to Pam Brooks and other staff involved in the estate, our thanks for the work carried out in what I imagine was a rather difficult estate. Pam kept us informed throughout and I appreciated her friendly & courteous manner. MS P Brooks was exemplary – a true professional. She was charming and efficiency personified. Caring professional & efficient services provided from first consultation to completion of estate distribution. Pam Brooks was a most caring and professional person who assisted me during such a sad time in my life. Everything Pam did was completed in a timely manner and I appreciated the time she spent with me following the death of my Aunt. Bill Coughlin was very knowledgeable and extremely helpful. I cannot speak highly enough of the help given to me by Mr Bill Coughlin. He was unfailingly kind and courteous and untiringly thorough and efficient. All this was so important a time of terrible grief (after 58 years of a loving marriage).

Additionally the office attends to the administration of many smaller estates <(\$100,000) without the need for formal administration.

## NUMBER AND VALUE OF NEW ESTATES AS AT 30 JUNE 2003



## TRUSTS

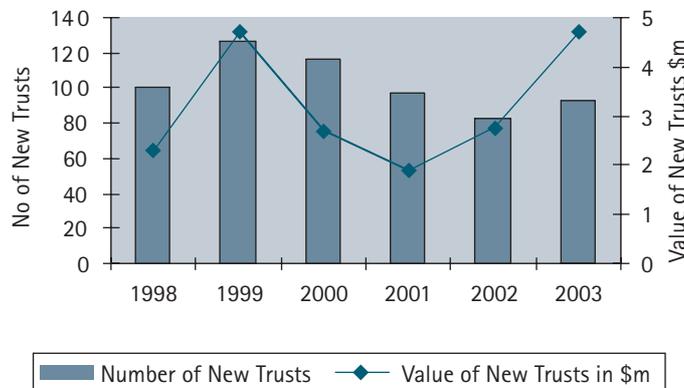
The Public Trustee acts as trustee, manager or receiver of funds for infants or those unable to manage their funds. This appointment is usually made by the Court award in the case of minors or people with impaired decision making ability, or a trust is created as a consequence of an estate (eg funds managed on behalf of a minor), or by charitable intentions.

Experienced trust staff deal with a wide range of issues in Trusts such as the purchase and construction of dwellings, special modification required to account for any disability or assistance for the purchase. The interest of the client is the primary concern for the Public Trustee staff.

The investment of client funds is dealt with under the amendments to the *Trustee Act 1925* in accordance with the prudent person principle. Advice was taken on the appropriate asset allocation mix for our clients and this advice is applied when reviewing individual portfolios. A mixture of growth and income assets is considered for each trust fund depending on the client's particular needs.

- The value of new trusts received during year was \$4,738,726.03; and
- The number of new trusts also increased by 13% over the previous year.

## NUMBER AND VALUES OF NEW TRUSTS AS AT 30 JUNE 2003





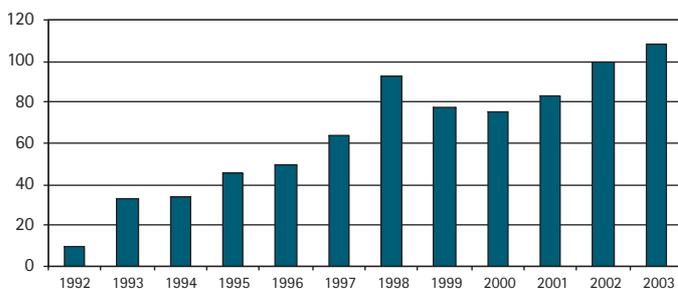
Financial Management team

## POWERS OF ATTORNEY

The Public Trustee actively promotes that an Enduring Power of Attorney to ensure that both your financial affairs are protected during any period of incapacity and that your financial affairs are administered by a person or professional organisation of your choice and in accordance with your instructions.

The number of active Enduring Powers of Attorney under management by the Office continues to increase and is expected to do so with the aging of the ACT's population. The following graph indicates the no of persons who have chosen to place their trusts under control of an accountable and independent persons care (the Office) and chosen to activate the instructions contained in the Power of Attorney. Activation of instructions occur either through the fact that a person does not want to manage or no longer can manage their financial affairs. The information below does not include data on the number of in active or sleeping powers of attorney held in safe custody by the Office.

### ACTIVE ENDURING POWERS OF ATTORNEY AS AT 30 JUNE 2003



## FINANCIAL MANAGEMENT

A financial manager may be appointed by the Guardianship and Management of Property Tribunal (the Tribunal) to protect the interests of adult persons in the community who are deemed to have impaired decision making ability or lack the capacity to manage their own financial affairs.

The legislation favours the appointment of a family member or other interested person, in reality the appointment of the Public Trustee occurs in approximately 60% of cases. The role of the financial manager is often seen as intrusion into the lives of people. However when appointed financial manager, the Public Trustee's main role is to ensure that the represented person receives the maximum benefit of their income whilst being protected, at the same time providing them with the ability to live in the community with dignity.

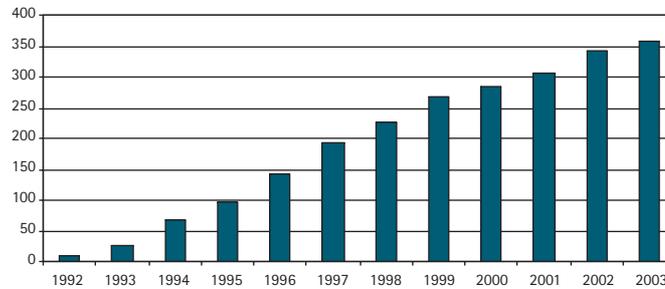
## WHAT OUR CLIENTS SAY...

I am a mother of a daughter who has had a financial management order taken out on her and she is a disabled person. Since the order was placed on my daughter, the control and management by Susan Shaw has been nothing less than excellent. We think you are wonderful. As a guardian – I would have felt safer handing over all the receipts etc – If I had been issued with a receipt to prove I had left it all with you. Both Susan Shaw and Peter Telford who advised/assisted us were very professional, courteous and friendly. I was unable to give a higher rating, as I had no direct contact with your office this year. My rendered accounts were processed expediently and returned promptly. It would be useful to know who is responsible for the various areas of service. While I have ticked box and my comments are intended to express my view that the service provided was excellent. I did not think box B adequately allowed for that. I was not impressed with your service at all. I have dealt with the Sydney office with much more success. It was obvious that the workers in your office held "personal" instead of professional views towards my client and it did not make it pleasant. More communication with client about the Protective Commissioner and the transfer of files and difficulties. I was pleased to be able to unload all the papers regarding my son's financial matters to you and am only too happy to pay \$54 for the service. This service should be explained to new financial managers. Having to become your mother's guardian is not an easy task. I really appreciate the role, support and assistance provided by Rachael Aird & the Office. We appreciated the ready availability of Margaret and Sue, the friendly atmosphere during our discussions and the advice they gave us. At every meeting we had, there was never any indication that we were being rushed. We particularly thank them for their work. On behalf of Stephanie (my daughter) we find \$54.00 quite heavy as a fee (especially as she is a pensioner).

We aim to promote a service where family members, parents and support workers see independence as being critical to the ongoing development of the represented person.

A representative of the Public Trustee's Office attend all hearings and reviews conducted by the Tribunal, and in relation to financial issues, also provide advice and/or make representations on behalf of client's expressed wishes.

#### PLENARY OR EMERGENCY MANAGEMENT CASES ON HAND AS 30 JUNE 2003

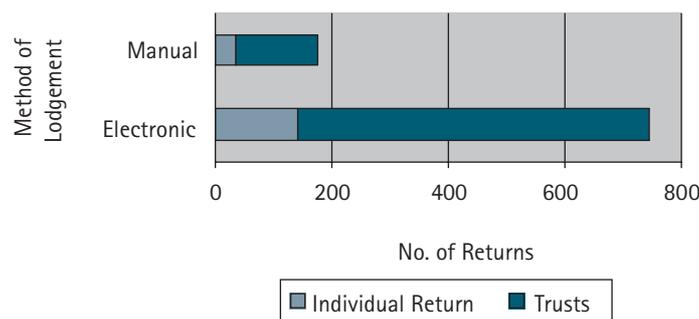


#### TAXATION SERVICES

Provision of specialist taxation services to clients, beneficiaries and for our estates is one of the many activities undertaken by the Office. Tax returns are completed, where required by law, for deceased estates, trusts and Court awards. Individual tax returns are also completed for protected persons, clients who have appointed the Public Trustee as attorney and deceased estates.

During the year 975 tax returns were completed for both individuals and trusts under administration. Where possible, returns are lodged electronically. The following provides a breakdown of activity and method of lodgement.

#### NUMBER OF TAXATION SERVICES AS AT 30 JUNE 2003



Ms Judith Davies  
Taxation Officer

# CLIENT FUNDS MANAGEMENT – DEPUTY PUBLIC TRUSTEE'S REPORT

The Public Trustee ACT is the largest provider of trustee, management and estate administration services to the ACT community. The provision of wealth protection and wealth creation services is an essential part of administration services and in addition to external portfolios and investments under administration, the office also offers four Common Funds to accommodate the investment needs of clients. These Common Funds provide a common vehicle for pooling of trust funds for professional management, savings of scale, diversification and delivering of competitive returns. It allows smaller trusts to achieve an investment range and exposure otherwise not available. Clients are able to benefit from diverse assets classes including short term money market, fixed interest, listed Australian equities and listed property trusts. As at 30 June 2003, the combined value of the four Common Funds was \$53 million.

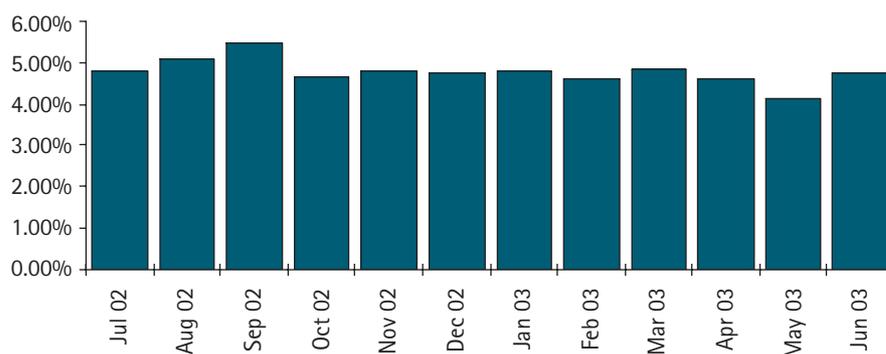
Investment of funds in estates, trusts and management accounts is governed by the prudent person principle of the *Trustee Act 1925* and any additional powers or directions of the individual trust deeds. The Public Trustee Investment Board supervises the management of the Common Funds with the assistance of external financial markets consultants, Robert Johnson and Associates, providing advice to the Public Trustee.

An internal committee, the Public Trustee Investment Advisory Committee consisting of the Public Trustee, the Deputy Public Trustee, Senior Trust Officer and Finance Manager sets direction, approves investment reviews and endorses asset allocations under the prudent person principle.

## CASH COMMON FUND

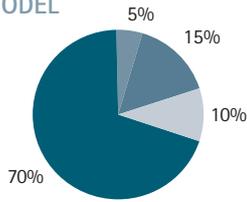
The cash common fund has been managed internally within the Office for over 17 years, investing in a range of bank and non-bank financial institution deposits, notes and bills of exchange. Funds are available at 24-hour call and allow the daily financial operations of trust and client accounts. All clients' funds earn an interest return from the day of receipt calculated on daily balances. Interest return varies with movements in prevailing cash rates and as at 30 June 2003 stood at 4%.

### CASH FUND



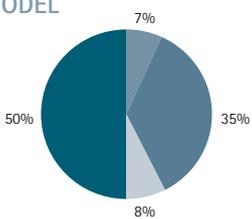
*Mr Doug Gillespie  
Deputy Public Trustee*

### GROWTH INVESTMENT MODEL



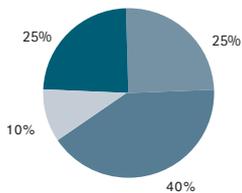
- Cash
- Fixed Interest
- Listed Property Trusts
- Australian Equities

### BALANCED INVESTMENT MODEL



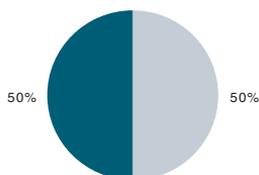
- Cash
- Fixed Interest
- Listed Property Trusts
- Australian Equities

### INCOME STABLE INVESTMENT MODEL



- Cash
- Fixed Interest
- Listed Property Trusts
- Australian Equities

### CASHPLUS INVESTMENT MODEL

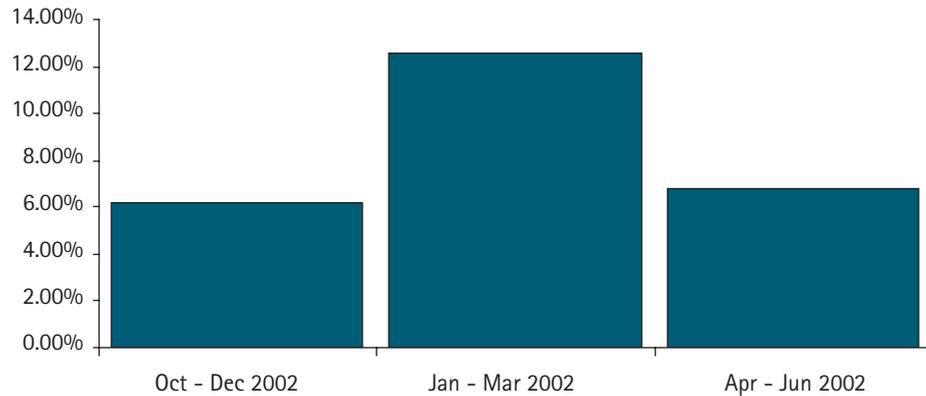


- Cash
- Fixed Interest

## AUSTRALIAN FIXED INTEREST COMMON FUND

The fixed interest common fund is invested a range of Australian government semi-government and corporate securities and cash bills and deposits through fund manager, Suncorp Investment Management. The fund had outperformed its benchmark, the UBS Australian Composite Bond Index in 2003 and returned 7.9% for the year.

### FIXED INTEREST FUND



## AUSTRALIAN EQUITY GROWTH COMMON FUND

The equity common fund is invested in a selection of shareholdings listed on the Australian stock exchange through a wholesale arrangement with fund managers, Merrill Lynch Investment Managers. The fund provides trusts and clients of the office with access to the share market and the attributes of potential capital growth and franked dividends.

## LISTED PROPERTY TRUST COMMON FUND

The property common fund was launched in August 2002 and is invested in a portfolio of listed trusts through fund managers, UBS Global Asset Management. The fund provides clients with investment exposure to retail, commercial, diversified, industrial and other real properties and is a sector that has performed well in 2003.

## RISK PROFILE MODELS

The Office is in compliance with the prudent person investment principle of the *Trustee Act 1925*; ensuring trusts are reviewed on an annual basis and invested in accordance with the trust's assessed risk profile. The major risk categories applied are Growth, Balanced, Income Stable and Capital Secure and these are invested into the office's sector common funds in tactical asset allocations, which have been set in consultation with Robert Johnson and Associates, financial markets consultants.

The diagrams in the side column indicate the spread of investments.

# OUR SERVICES TO GOVERNMENT

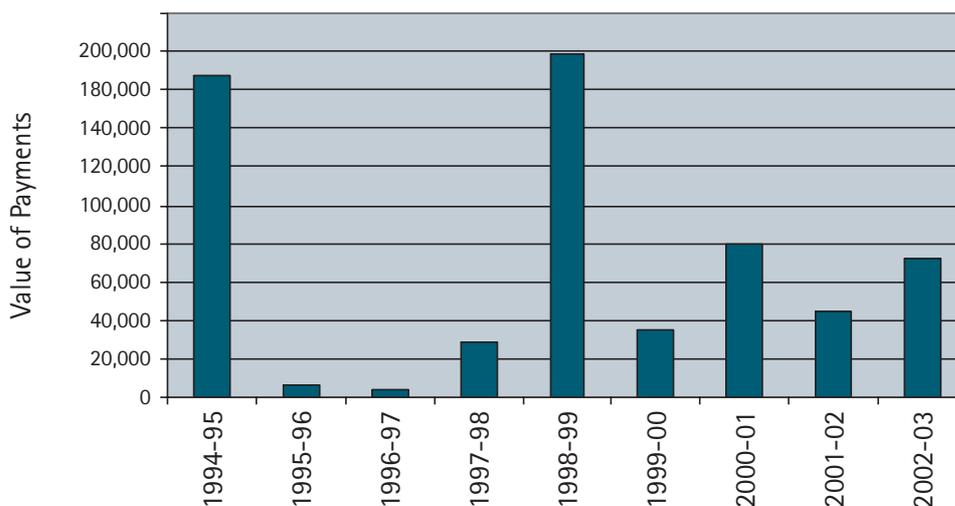


The Office is the nominated trustee for ACT Government Trust Funds and acts as an agent for the purposes of forfeited assets under the *Proceeds of Crime Act 1991*. In fulfilling its obligation the Office's activities include sale of assets, receipt, management and investment of money including those flowing from the following activities.

## PROCEEDS OF CRIME

The Public Trustee acts as an agent of the ACT Government in relation to the forfeiture of assets under the proceeds of crime legislation. The Public Trustee arranges to secure and sell all forfeited assets, and resulting monies are deposited into the Confiscated Assets Trust Fund held by the Department of Justice and Community Safety where they are available for community safety initiatives. The Office deposited \$72,212.87 into the Confiscated Assets Trust Fund during the financial year. This represents an increase of 61% over the previous year.

### VALUE OF PAYMENTS AS AT 30 JUNE 2003



## GOVERNMENT TRUST MONEYS

The Public Trustee is nominated trustee of ACT Government Trust funds and provides prudent trustee investment services for these trust funds held within government. As such, any investment requires a reasonable return on equity and an assurance that the Office will meet the statutory and regulatory requirements of the both the *Trustee Act 1925* and the enabling legislation of the government agency "owner" of the trust fund under management. Examples of funds in this category include monies held in trust for ACT Workcover, the Rental Bond Board and others.

Investment strategies in respect of investment decisions on funds flowing from these trusts is subject to the standards expected of a public entity including, but not limited to, good governance practice and high level of client satisfaction.

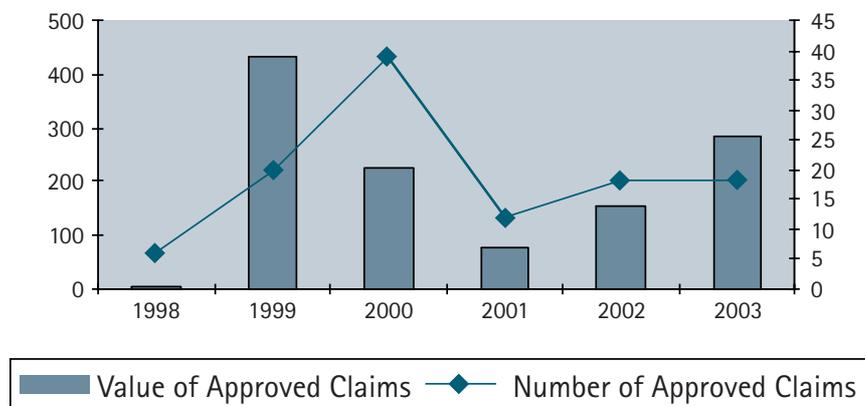
These funds, totalling \$52 million, are invested in short-term and fixed interest securities including bank and financial institution bills, notes and deposits managed internally, a cash enhanced facility managed by Alliance Capital Australia and a fixed interest facility managed by Suncorp Investment Managers. The circumstances of the trusts are reviewed regularly and reports issued to government agencies on a monthly basis.

## UNCLAIMED MONEYS

The function of administering unclaimed moneys involves recording, managing, reviewing compliance under relevant legislation and protecting the rights of lost claimants where monies are transferred from unclaimed funds on company liquidations; lost credit union accounts; unclaimed share dividends, trust accounts or superannuation funds. The administration and tracking of claimants is onerous for the Office and has required additional staff to assist in the introduction of an appropriate electronic record keeping system and active program to locate potential legal beneficiaries. The task of locating claimants and verifying claims has been enhanced by the Office's inclusion of detail related to claimants on its website.

After September 2003 any person who thinks that they may have outstanding monies, which may have been transferred from trusts operated by solicitors, real estate agents, superannuation funds or resulting from other business transactions should visit [www.publictrustee.act.gov.au](http://www.publictrustee.act.gov.au).

### VALUE OF UNCLAIMED MONIES AND NUMBER OF CLAIMS PAID



# COMMUNITY ENGAGEMENT

The organisation strives to continuously improve the delivery of services. Feedback from clients, other service providers and stakeholders on their expectation and level of satisfaction with the quality of our services is imperative to continued operation.

Surveys forms completed and returned to the Office measure the extent to which clients, service providers and stakeholders:

- were satisfied that the services they received meet client standard;
- considered that the Public Trustee is efficient in dealing with their interests and the interests of the clients who are from time to time unable to manage their own affairs; and
- understood the advice provided by the Public Trustee.

Many of the comments attached to survey forms have been included as narrative commentary against the relevant service provided (see pages 16-19, 27).

The results for 2002-2003 continue to demonstrate positive client perception of their relationship with the Office.

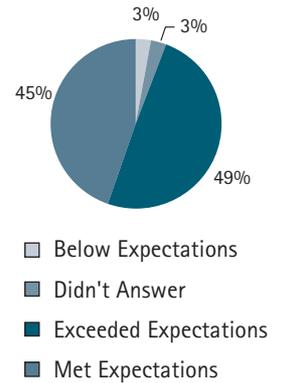
During the year the Office received negative press coverage in relation to a partnering arrangement entered into with the John Curtin School of Medical Research. This was also reflected in comments made in a client feedback form and related to concerns about fees charged for audit/administration and the once only commission fee of 1.1% charged.

The comments suggested that the Office made a donation to the John Curtin School of Medical Research to construct a wooden sculpture. The Office was listed as a donor incorrectly and this was notified by the School in a publication. The John Curtin School of Medical Research was asked to remove the Public Trustee from the list of donors.

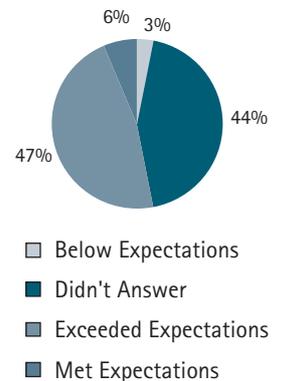
The arrangement entered into involved a business partnership with the John Curtin School of Medical Research to produce a brochure to encourage staff and past Alumni to consider the value of having a will and making a bequest to a charity of their choice as well as encourage workplace giving generally. The Public Trustee subsidises the work it performs for the disadvantaged by undertaking work for clients who are able to pay a full fee for services provided. To achieve this, the Office must actively promote the services provided and business partnering similar to the arrangement with the John Curtin School of Medical Research is an example of the methods used.

We wish to thank all those who participated in the survey for their time and their valuable comments.

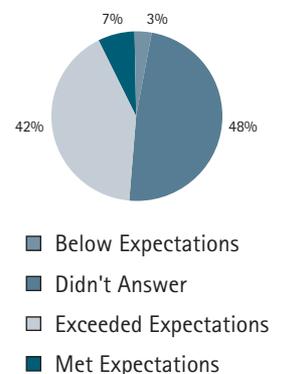
## OVERALL RATING



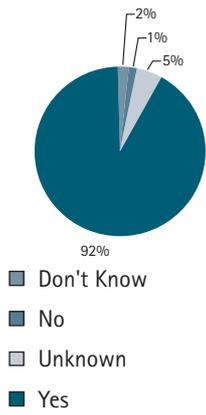
## CLIENT STANDARDS



## PROFESSIONALISM



## UNDERSTAND ADVICE



We will continue to seek comments from our clients on a regular basis through the feedback form incorporated in our customer service statement.

Information about the Public Trustee is also available on our Website: [www.publictrustee.act.gov.au](http://www.publictrustee.act.gov.au).

Our email address is [publictrustee@act.gov.au](mailto:publictrustee@act.gov.au).

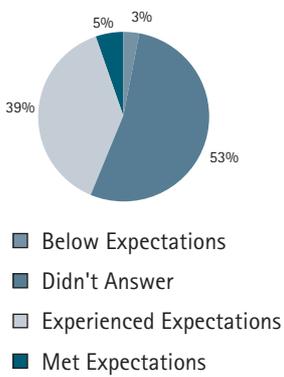
## PUBLIC EDUCATION

The Office's successful education campaign "Financial Planning for your Future" continues to be driven by staff and is designed to inform the community at large about the importance of not only having a well drafted Will but also an Enduring Power of Attorney. The aim of the awareness program is to build on the recognition and success of previous years with the specific objectives to promote the Public Trustee as both a professional Will-drafter and good corporate citizen.

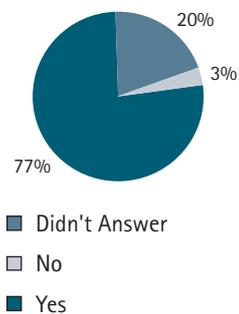
The Deputy Public Trustee, Doug Gillespie maintained his regular column in the Seniors Times sponsored by the Canberra Times with informative and useful issues addressed covering:

- Philanthropy and recent developments in taxation law that provide opportunity for individuals to set up Prescribed Private Funds for charitable causes;
- The considerations involved in choosing beneficiaries for wills;
- What to do with pets when developing wills;
- Practicalities of living with a will as a sensible thing to have in place;
- The benefits of a power of attorney;
- Prudent trust investing; and
- Issues pertinent to the Bushfire Recovery Appeal.

## EFFICIENCY



## WOULD YOU RECOMMEND OUR SERVICES?



Reception Team

## REPRESENTATION

Consistent with the Office's requirement to have leading edge knowledge in the Public Trustee industry the Office is represented by the Deputy Public Trustee at:

- The Business Development and Marketing Committee for Public Trustees, an Australia wide Committee; and
- The Taxation and Education Committees of the Trustee Corporations Association of Australia.

## MINISTERIAL ADVISORY COUNCIL ON AGEING

The Public Trustee is a founding member of the Ministerial Advisory Council on Ageing. The role of Council is to inform the Chief Minister about issues relating to older people and provide advice on issues such as positive attitudes toward ageing and older people, housing, accommodation, life long learning, mature age employment and provision of services for older people. Involvement and input to such fora are considered by the Office as vital in working with community and raising awareness of the issues facing older Australians.



*Ministerial Advisory Council on Ageing with Chief Minister Jon Stanhope*

The Ministerial Council membership includes:

- Reverend Dr Elizabeth MacKinlay;
- Dr David Jarvis;
- Ms Maureen Cane;
- Mr Lennard Dyer;
- Mr Kanti Jinna;
- Mr Trevor Kaine;
- Ms Diane Kargas;
- Mr Brendon Kelly;
- Ms Joy Krippner;
- Ms Michelle McGrath;
- Mrs Anne Murray AM;
- Colonel Beresford Nyman I VO MBE;
- Ms Barbara Silverstone;
- Mrs Elizabeth Grant AM and;
- Mr David Ng.

## WHAT OUR CLIENTS SAY...

Thank you I learnt a lot. Have a mike handy so that the attendees can hear questions asked. Good that questions were allowed along the way the questioners were good!! ie general rather than specific to 'their case'. Personal questions are the bare of all presentations & would need adroit handling, which I'm sure you could all do. Thank you for providing the talk, it was fantastic to have a chance to get real information about wills and powers of attorney. How do you deal with overseas properties and assets? The morning tea break was much too long. Seemed to be quite comprehensive. Very informative and entertaining, excellent lunch. Very friendly atmosphere & speakers. Well presented. Very helpful information, many thanks to those involved

# BUSINESS DEVELOPMENT AND MARKETING

## PROMOTION OF THE PUBLIC TRUSTEE

It is not uncommon for the services of the Public Trustee to be viewed as available only for clients with a disability or those who are without funds or for those who do not leave a will. This is not the case; the Public Trustee has an active emphasis on encouraging people to choose the Public Trustee as their preferred service provider. This year this message has been disseminated by promotion of services through word of mouth, staff delivering information at key community fora and inclusion of business services in publications created by other organisations. Strategies such as business partnering or sponsorship, which provide opportunity for the office to receive reciprocity in service delivery, are regularly developed.

This year a significant partnership has been engaged in with the John Curtin Medical School. This arrangement provided funding to develop a bequests brochure for the Medical School with the emphasis on philanthropy and bequests through Will making. This relationship offers opportunity to both the John Curtin School of Medical Research to encourage staff and former Alumni to consider the value of having a will and making a bequest to a charity and to encourage workplace giving and philanthropy generally. Individuals considering these activities may consider the Office as their preferred service provider.

Support of other events have included sponsorship of the Disability Sports Program (\$1600.00) to allow young people with cancer and other disabilities to have time out with their families or carers at the Magic Mania Extravaganza.



*Ms Diane Kargas at the unveiling ceremony at the John Curtin School of Medical Research*

## CAPITAL REGION COMMUNITY FOUNDATION

As anticipated in the last report, the Public Trustee has established a charitable foundation that will be a central vehicle for investing, managing and monitoring of perpetual charitable trusts and bequests that come to the care of the office. The purpose of foundation is to build a permanent growing public philanthropic fund to be used for community focused projects and activities within the Canberra region.

The foundation has been named the Capital Region Community Foundation and while many foundations of this nature are administered by trustee companies and public trustees throughout Australia, this is the first public fund of its kind for the ACT and the Region.

The administration of the foundation will be the responsibility of the Public Trustee together with a Board of Governors and working committee representing the ACT and regional community.

The challenge for the foundation and the Board is to encourage philanthropy within the region so that we as a community can look at building social capital and at the on going needs of our community. The Foundation will allow all citizens to contribute to community outcomes in the Canberra region, at whatever level suits their particular circumstances.

Following an initial written approach to Lady Deane, she kindly agreed to be Patron of the Foundation. Membership for the Board of Governors is progressing. It is intended that a working group representative of Canberra and the region will appoint Board members. The Public Trustee may also appoint members.

The board will be non-Government in composition, with members needing to meet the Australian Taxation Office standard and be responsible persons of good character, substance and ideally should be persons of strong charitable intent, possibly with past experience with charitable causes.

The Public Trustee ACT will also be investigating possible donors and also the possibility of a business partner. The intention behind the business partner concept is to provide a Canberra based organisation with the opportunity to fulfil its charitable intentions by providing not necessarily dollar contributions but certain services or providing certain facilities free of charge. The Canberra Region Charitable Foundation received its first grant in an amount of \$60,500 on 30 June 2003.

## KEY CHALLENGES AND PLANS

*The Public Trustee for the ACT 2003-2005 Business Plan* identifies the following as key result areas:

**Business Development** – to diversify and build estate and trust business opportunities to promote service sustainability and expansion;

**Service Delivery and Client Satisfaction** – to enhance and streamline core work processes for efficient and effective delivery of high quality services and rates of return;

**Strategic Relationships** – to develop constructive relationships with key stakeholders to enhance leverage and influence in the marketplace and within the ACT community;

**Systems Development and Implementation** – to provide better practice systems and support infrastructure to ensure transparency and accountability for all transactions and decisions; and

**Staffing and Capabilities** – to attract and retain skilled and capable staff who are committed to the role of the Public Trustee and superior client service.

The Public Trustee is projecting a solid operating result for the financial years to 2004 – 2005.

The detail of how the performance of the Office is measured is outlined in the *Public Trustee for the ACT Statement of Intent 2003-2004*.

# WHOLE OF GOVERNMENT ISSUES

## MULTICULTURAL FRAMEWORK

The framework for a Multicultural ACT 2001-2005 was released in May 2001. Whilst the Public Trustee is not required to report on the framework it is important to note that as part of our community education program we provide specific services tailored where possible to meet the needs of the multicultural community.

In 2002-2003 senior staff undertook information sessions on Wills, Powers of Attorney, estate administration and financial management under order of the Guardianship and Management of Property Tribunal to members of the Japanese, Greek, Vietnamese, Italian and Chinese communities.

## CONSULTANCY AND CONTRACTOR SERVICES

The processes used to select and manage consultants and contractors were consistent with the ACT Government Procurement Guidelines and Circulars and the Consultancy Guidelines.

Contracts entered into and continuing in 2002/03

Name of Consultant/ Contractor	Description of Service	Cost	Agency managing	Date contract Let	Reason for use select tender
Robert Johnson & Associates	Expert Advice on the "Prudent Person Principle"	Daily \$1 500	PTO	May 2000	Limited expert advice available for prudent person principle
Merrill Lynch Investment Managers Limited	Merrill Lynch Wholesale Australian Equities Fund	.72%	PTO	1 August 2001	N/A
Alliance Capital Australia Limited	Alliance Cash Enhanced Fund Trust	.2%	PTO	1 June 2001	N/A
UBS Global Asset Management	Fund Management for Property Trust Common Fund	.70%	PTO		N/A

All Funds Managers have been listed for consistency however the fees do not necessarily exceed \$50,000 per annum but will accrue overtime.

# STATUTORY REQUIREMENTS



## COMMISSIONER FOR THE ENVIRONMENT

The Public Trustee strives to reduce its environmental impact wherever possible. Electrical equipment and lights (other than security facilities) are maintained on a timer to ensure power is not wasted. After hours the lighting is on a timer and its capacity reduced to further save on power usage. The Office recycles paper and uses unbleached paper when possible. The Public Trustee continues to take advantage of electronic mail and the Internet to improve services and save on paper use. Tax returns for clients of the Public Trustee are lodged electronically as and where appropriate.

The public and employees are also able to access the gazette for employment prospects on the Internet, which eliminates the purchase of hard copy. The Office windows have been tinted to improve working conditions and to save on electricity.

## ECOLOGICALLY SUSTAINABLE DEVELOPMENT

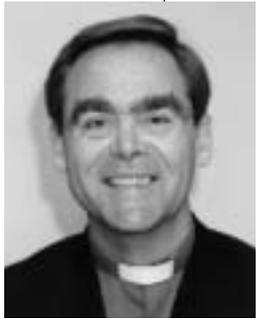
The Public Trustee Office provides services to a range of people who need assistance with estate administration and trustee related matters, the services of this office have no direct detrimental or enhancing effect on the physical environment.

The Office is committed to reducing its environmental impact wherever possible.



Correspondence to: GPO Box 158, Canberra City ACT 2601  
Donations to: The Trustee for the Canberra Bushfire Recovery Appeal,  
GPO Box 515, Canberra City ACT 2601

Infoline: 1800-182-100 | ABN: 38 486 079 057



*The Right Reverend  
George Browning*

### **Canberra Bushfire Recovery Appeal Management Committee and Board Report**

Following the catastrophic Canberra bushfires of 18 January 2003 the Canberra Community Foundation was asked by the ACT Government to take responsibility for management of the Canberra Bushfire Recovery Appeal launched to raise money to assist Canberrans affected by the devastating bushfires.

Each of the members who participated in the Board and Management Committee, created to support the Bushfire Appeal, brought with them skills and commitment that immeasurably enhanced the success of the operation. This very hardworking group, known as the Canberra Bushfire Recovery Appeal Management Committee, had a number of distinct tasks these included setting an appeal target, implementing a process for collection of monies, developing a system to enable affected Canberrans to make application and receive appropriate assistance and all within a timeframe which provided relief to those most affected.

A \$10 million appeal target was agreed. A magnificent response from donors resulted in \$8.9 million being raised. The marketing, media liaison and general promotion of the fund was highly successful and considerable credit should be given to members of the Committee who have so professionally given very generously of their time and energy.

Ms Diane Kargas, Public Trustee and her professional team administered the monies received by the Bushfire Appeal effectively.

The system devised for allocation of Bushfire Appeal monies involved all potential applicants registering their claim and after assessment against strict criteria receiving an appropriate gift from the fund. The method devised to determine allocation was based on a points system, whereby the funds could be distributed in an equitable manner and in a way that could withstand public scrutiny. The task of gathering information about applications was accomplished largely through volunteers listening and assisting with the completion of application forms. These dedicated volunteers worked tirelessly over an 8 week period and were capably supported by the team led by Mr Peter Brady, Chief Minister's Department and by the team from the Public Trustee.

At 30 June 2003, 1273 household, small business, rural properties or community groups had applications processed and shared in funding gifts.

Considerable credit must be given to the Public Trustee and the Board for their work.

**George Browning**  
Co-Chair  
Canberra Bushfire Recovery Appeal

# GOVERNANCE

The governance arrangements for the Canberra Bushfire Recovery Appeal are detailed in the Canberra Bushfire Recovery Appeal Framework (pages 38–40 ).

The activity of gathering donations and determining eligibility for assistance was the responsibility of the Canberra Bushfire Recovery Appeal Management Committee (Management Committee) whose membership was substantially drawn from the Canberra Community Foundation Board. The Management Committee was responsible to the Board of Governors. The Board of Governors determined all recommendations by the Management Committee about collection of gifts and disbursement of funds collected through the Appeal.

The Public Trustee was appointed as the trustee administrator and legal entity of the funds collected. The Public Trustee was responsible for receipt, management and disbursement, taking into account the recommendations by the Board of Governors, of all funds.

As the Canberra Bushfire Recovery Appeal is winding up any remaining funds will need to be transferred to another fund with deductible gift recipient status. A decision on remaining funds has been deferred pending receipt of information on ongoing work in relation to the bushfire by other charitable organisations and bodies and will be considered when the Board is scheduled to next meet.

Membership of each of the bodies is outlined below.

## CANBERRA BUSHFIRE RECOVERY APPEAL BOARD OF GOVERNORS

### ROLE

To consider recommendations of the Canberra Bushfire Recovery Appeal Committee regarding collection of gifts and disbursement of funds collected in respect the Canberra Bushfire and make necessary determinations for allocation.

### BOARD MEMBERSHIP

Bishop George Browning	Co-chair The Right Reverend George Browning Bishop of Canberra and Goulburn
Ms Michelle Thorne	Co-chair Representing Aboriginal and Torres Strait Islander Peoples
Gary Green	General Manager, Adcorp Green
Mr John Mackay	Chief Executive Officer ACTEW/AGL
Rev. Dr Elizabeth MacKinlay	Ministerial Advisory Council on Ageing
Mr Nic Manikis	Executive Director Multicultural & Community Affairs Group



*Canberra Bushfire Appeal  
Board of Governors*

## CANBERRA BUSHFIRE RECOVERY APPEAL MANAGEMENT COMMITTEE

### ROLE

The Canberra Bushfire Recovery Appeal Management Committee (the Management Committee) is responsible to the Board of Governors. The role of the Management Committee is to make recommendations to the Board of Governors in relation to the collection of gifts and the dispersement of funds collected in respect of the Canberra Bushfires.

The Management Committee shall assess applications for funding assistance and make recommendations to the Board of Governors and assist with the promotion of the CBRA to the public and other communication strategies.

### COMMITTEE MEMBERSHIP

Bishop George Browning	Co-chair The Right Reverend George Browning Bishop of Canberra and Goulburn
Ms Michelle Thorne	Co-chair Representing Aboriginal and Torres Strait Islander Peoples
Gary Green	General Manager, Adcorp Green
Mr John Mackay	Chief Executive Officer ACTEW/AGL
Rev. Dr Elizabeth MacKinlay	Ministerial Advisory Council on Ageing
Mr Nic Manikis	Executive Director Multicultural & Community Affairs Group
Glen Gaskill	Director, Resource Management, Treasury
Ms Kay Hogan	Deputy Chairperson, Australian Red Cross Council
Ian Hubbard	Director, Strategic Finance Department of Disability, Housing and Community Services
Mr Des Jordan	Manager Amalgamated Property Group
Arthur Kenyon AM	Goodwin and Kenyon Pty Ltd
Cyril Mitchell	Area Manager Sales and Service, Commonwealth Bank
Bill Morris	General Manager Smith Family ACT and Southern NSW
Jacqui Pearce	Ministerial Advisory Council on Women
Kaye Price	Aboriginal & Torres Strait Islander Community Consultative Council
Geoffrey White OAM	
Trevor Wheeler	Executive Director, Vocational Education and Training, Department of Education, Youth and Family Services
Michelle Williamson	DPM Consulting
<b>Secretariat</b>	
Peter Brady	Director, ACT Office for Ageing, Chief Minister's Department
<b>Trustee</b>	
Diane Kargas	Public Trustee

# ACHIEVEMENTS



The guiding principles of the Canberra Bushfire Recovery Appeal were to respond to the needs for priority relief of the immediate distress of victims of the Canberra Bushfire and especially those who were most in financial need. To achieve this goal, while ensuring fair and equitable assistance to those people directly affected, the Board of Governors set clear criteria for assessing the level of need of all applicants. This criteria, outlined in the Canberra Bushfire Appeal Framework, was also notified in Fact Sheets made available to the public, which explained the basis for determinations on eligibility for assistance. The criteria, which formed the basis for assessment provided for:

- Priority for those in most financial need and who would find it difficult to recover quickly;
- all sources of assistance provided to an applicant being taken into account when determining levels of assistance to be provided;
- recognition that the Appeal funds were in addition to insurance payments, or government grants, and any other sources of support;
- consideration of small businesses and farm households where they had exhausted all other sources of assistance;
- consideration of applications from community organisations where there was direct impact on community facilities in the bushfire affected area and where the facility needed to be available for the relief and assistance of persons in immediate need as a result of the bushfires and all other sources of support and revenue had been exhausted; and
- Recognition that the Appeal funds were a gift from the community and not expected to cover the full cost of any loss suffered.

Assessment of the merits of so many people who were affected by the Canberra Bushfires was a difficult task. In total, 1526 applications were received between February and June 2003. To ensure that every applications was considered equitably a process of appeal was established for those applicants initially unsuccessful. Approximately half of the unsuccessful applications were successful through reconsideration. Review of appeal applications was undertaken by Mr Trevor Boucher.

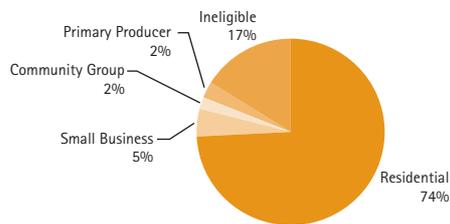
As at 30 June 2003, generous donations by the Canberra Community, companies, governments and people from all round Australia and overseas totalled \$8,905,357.70.

It is noteworthy that over \$8,750,120.00 has been distributed to eligible applicants with no fees or administration costs being taken from the Appeal funds.

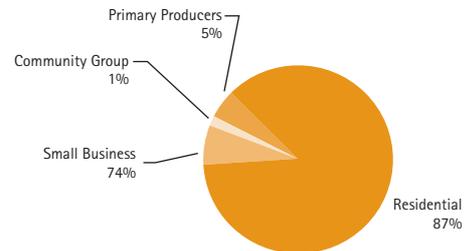
These funds have assisted 1273 households, small business, rural properties and community groups.

The distribution of assistance by category is outlined as follows.

#### APPLICATIONS BY CATEGORY



#### DISTRIBUTION OF DONATIONS BY CATEGORY



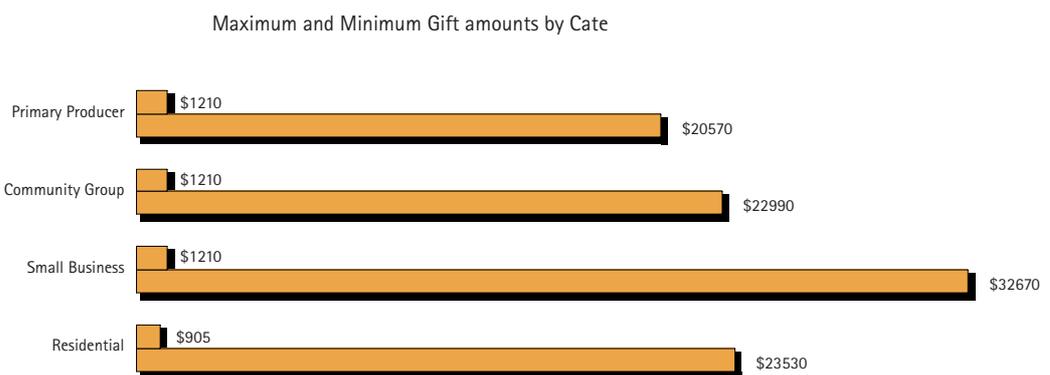
Payments were made to people who had their primary place of residence either totally destroyed or made substantially uninhabitable and to small business, rural properties and community groups who have experienced substantial loss. Funds were also granted to people who lost their gardens and outbuildings.

Assistance provided was made to eligible applicants via three payments:

- Payment 1 occurred in April 2002 and was made to 1071 applicants amounting to \$5,970,600.00;
- Payment 2 occurred mid-June and was made to 150 applicants valuing \$447,525.00; and
- In June, the Board also approved top up funding to all eligible applicants. The top-up was paid in the same manner that the first and second round payments to the nominated account or by cheque.

The following table indicates that maximum or minimum payment received by any individual applicant by category.

#### MAXIMUM AND MINIMUM GIFT AMOUNTS BY CATEGORY



The payments were not compensation, but a gift to those who suffered from a very generous community. The payments were a compliment to grants or funds received from any other source.

Whilst the Appeal has technically wound up, funds continue to be received.

The Board will meet again to consider a range of options for the distribution of these funds to ensure those who are in most need receive the remaining donations.

## WORKING ON THE CANBERRA BUSHFIRE APPEAL COMMITTEE – RECOLLECTIONS OF A COMMITTEE MEMBER

The Canberra Bushfire Appeal Committee was drawn from the Canberra Community Foundation with members representing both public and private sectors. All work undertaken by members of the Committee was in addition to their day jobs. Many members existing roles also saw them actively managing or working in organisations directly responding to community following the devastation of the bushfires. One such member was John Mackay, Chief Executive Officer, ActewAGL. The following is an account of his memory of the days following 18 January 2003 and provides an insight into the operations of the Committee and the very personal affect participation had on all members involved.

...The first Bushfire Appeal Committee was held on 22 January 2003, four days following the fires which had so profoundly affected the bushland, infrastructure and suburbs. John's organisation ACTEW AGL was actively restoring the large component of the electricity, gas and sewerage infrastructure damaged as the firestorm ripped through the southwest region of the ACT.

John recalls of the first Committee meeting ... "I was very tired having had less than 12 hours sleep in the previous four days." It is noted that ActewAGL staff worked tirelessly to restore services.

Having been involved with both George Browning and Michele Thorne through his three year membership of the Canberra Community Foundation, John had experienced the Co-Chairs ability to focus a Committee on its core objectives. In this instance, "making sure that every dollar of the \$10million target set would go to the victims fairly and quickly." John recalls "wading through piles of applications at all sorts of odd hours to meet our promise of getting the first grants out before Easter." A target that was achieved.

John's considerable expertise and business acumen coupled with the charter to convince, manoeuvre and encourage, quickly enabled him to secure donations – John modestly notes that "I probably helped get some of the big donations – including a first day donation of \$250,000 by ACTEWAGL and the WIN telethon conducted out of our call centre by ActewAGL". John represented the Committee as when required to receive cheques, drum up interest in the media and through community events.

John worked with the Diane Kargas, Public Trustee to develop the eligibility and assessment criterion that provided the framework for assessment and payments to victims to occur as soon as possible after the events. This criterion was applied to a total of 1273 applications for relief by affected householders, small businesses, community groups and rural properties and used by Committee members in the consideration of each. The transfer of information between members dealing with the applications was voluminous and enhanced John's technology skills he jokes, "I did my best to answer the hundreds of emails that flew around the Committee on a regular basis!"

John, like other Committee members is proud of the reasons why the Appeal and its administration were a success. He identified three main ones – "the fabulous effort by the Public Trustee and her team; the work done by the many volunteers and others at the ACT Recovery Centre and the leadership of the Committee by George Browning and Michele Thorne".

There are still a number of issues that need to be addressed before the Committee's role is completed however the experience of those involved highlights the generous spirit of the Canberra community and the ability of Canberra's to work quickly in common purpose and achieve great outcomes. Many thanks to all Committee members and especially John for sharing his memories.



*Mr John Mackay*  
CEO ACTEWAGL



# CANBERRA BUSHFIRE RECOVERY APPEAL FRAMEWORK

## 1. PURPOSE

These Guidelines describe the role and operation of the CANBERRA BUSHFIRE RECOVERY APPEAL (CBRA).

The CBRA collects and distributes monies raised through the public appeal in response to the Canberra Bushfires 18 January 2003 (the Canberra Bushfires).

These Guidelines describe the principles and structures that will guide the operation of the CBRA and the broad criteria to be applied to people who seek assistance from the CBRA.

## 2. BACKGROUND

The CBRA responds to the needs for the relief of the immediate distress of victims of the Canberra Bushfire and who are most in financial need.

The CBRA does not replace or replicate the operation of other bodies established to distribute Territory and Commonwealth Government assistance to victims of the Canberra Bushfires, but complements the work of these bodies.

This Framework incorporates principles to address issues of fairness, equity and efficiency in providing assistance to those directly affected by the fires.

## 3. PRINCIPLES OF THE CANBERRA BUSHFIRE RECOVERY APPEAL

The guiding principles of the CBRA are:

- (1) Priority is for those who are in most financial need.
- (2) Funding is available for the material relief of households and small businesses. Applications from community organisations will be considered where there has been a direct impact on community facilities.
- (3) Funds are not available to compensate for personal injury arising from the Canberra Bushfire.
- (4) People are eligible for assistance irrespective of their insurance status.
- (5) Funds are not available to replace insurance payments or government grants.
- (6) The CBRA will take into account all sources of assistance provided to an applicant in determining levels of assistance to be provided.
- (7) Applications for assistance are assessed in a fair, equitable and timely manner using a points system that takes into account among other things: a) people's needs; b) the household composition; and the extent of property and contents damage. Each case is assessed on its merits so any special needs can be considered.

- (8) The CBRA is promoted to the public and the media and victims of Canberra Bushfires are made aware of the available assistance.
- (9) People helped through the CBRA are not asked to repay the assistance.

#### **4. MEMBERSHIP OF AND TERMS OF REFERENCE FOR THE CANBERRA BUSHFIRE RECOVERY APPEAL MANAGEMENT COMMITTEE**

##### **MEMBERSHIP**

- (1) The core membership of Management Committee has been drawn from the Canberra Community Foundation Board given its extensive community representation.
- (2) Temporary members may be invited to join the Management Committee to reflect the circumstances of the Canberra bushfire events and may include:
  - agencies with expertise in fundraising activities and/or welfare provision to people in emergency situations;
  - representatives of key industry and business representative bodies, for example the Chamber of Commerce or ACT Small Business;
  - a representative from the Commonwealth Government; and
  - other ACT Departments who may have expertise in relation to the Canberra bushfires.
- (3) The Management Committee is co-chaired by Bishop George Browning and Ms Michelle Thorne.
- (4) The meetings of the Management Committee will be convened by one of the co-chairs as required.

##### **TERMS OF REFERENCE**

- (1) The Management Committee is responsible to the Board of Governors.
- (2) The Management Committee shall make recommendations to the Board of Governors in relation to the collection of gifts and the disbursement of funds collected in respect of the Canberra Bushfires.
- (3) The Management Committee shall assess applications for funding assistance and make recommendations to the Board of Governors.
- (4) The Management Committee will assist the promotion of the CBRA to the public and other communication strategies.
- (5) A report on the activities of the Management Committee will form part of the Annual Report of the Public Trustee for the Australian Capital Territory.

## 5. GUIDELINES FOR THE DISTRIBUTION OF CANBERRA BUSHFIRE RECOVERY APPEAL

### GUIDELINES APPLYING SPECIFICALLY TO HOUSEHOLDERS

- (1) Householder's eligibility criteria will include:
  - primary place of residence in the Canberra bushfire affected area;
  - home is uninhabitable or has been extensively damaged;
  - household contents or essential personal belongings have been destroyed;
  - other forms of help that they're entitled to have been used; and
  - they are unlikely to be able to fund their own recovery due to low earnings and/or assets.

### GUIDELINES APPLYING SPECIFICALLY TO SMALL BUSINESS AND FARM HOUSEHOLDS

- (1) The criteria for assistance to small business and farm households include:
  - location in the Canberra bushfire affected areas;
  - are suffering extreme financial hardship;
  - are unlikely to be able to fund recovery through own income sources, assets, grants and other forms of assistance; and
  - have investigated and exhausted all other avenues of assistance.
- (2) Assistance to small business and farm households will be for material losses related to buildings, stock and tools of trade, but not loss of income through interruption of business.

### GUIDELINES APPLYING SPECIFICALLY TO COMMUNITY GROUPS WHO SEEK ASSISTANCE

- (1) Community groups may seek assistance for loss of community facilities and services lost or damaged through the Canberra bushfire affected area.
- (2) Eligibility criteria will include, the community facilities and services:
  - the effect on the community of the absence of the facility being available for the relief and assistance of persons in immediate need as a result of the Canberra Bushfires, are located in disaster affected areas;
  - are unable to function;
  - can't be helped in any other way; and
  - where they are targeted to disadvantaged groups in the community they will receive special consideration.



# AUDITOR-GENERAL

Australian Capital Territory



## INDEPENDENT AUDIT REPORT

### To The Trustee of the Canberra Bushfire Recovery Appeal Fund

#### SCOPE

I have audited the financial statements of the Canberra Bushfire Recovery Appeal Fund (the Fund) for the period from 22 January 2003 to 30 June 2003. The financial statements, which were forwarded to me by the Trustee of the Fund, consist of the following financial statements together with the notes thereto:

- Statement of Financial Performance;
- Statement of Financial Position; and
- Statement of Cash Flows.

Under Clause 20 of the Fund's Declaration of Trust dated 22 January 2003 the Trustee of the Fund is responsible for the financial statements.

My responsibility is to express an opinion on the financial statements based on my audit. 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 whether, in all material respects, the financial statements are presented fairly in accordance with the Fund's Declaration of Trust dated 22 January 2003, Accounting Standards and other mandatory professional reporting requirements in Australia so as to present a view of the Fund which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

The Statement of Financial Performance and the Statement of Cash Flows disclose payments for *Funds transferred to beneficiaries* and *Funds distributed* respectively. These payments were made in accordance Clause 16 of the Fund's Declaration of Trust dated 22 January 2003. My procedures included examination, on a test basis, of evidence that beneficiaries received these payments as reported in the Fund's financial statements. The audit scope did not include an assessment of the appropriateness of the amounts paid to each beneficiary.

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

#### AUDIT OPINION

In my opinion, the financial statements of the Fund present fairly in accordance with Fund's Declaration of Trust dated 22 January 2003, Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Fund as at 30 June 2003 and the results of its operations and its cash flows for the period from 22 January 2003 to 30 June 2003.

Bernie Sheville  
Acting Auditor-General  
7 August 2003

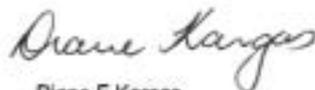
**CANBERRA BUSHFIRE RECOVERY APPEAL FUND**

**STATEMENT BY PUBLIC TRUSTEE**

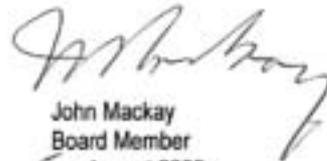
**STATEMENT OF RESPONSIBILITY**

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

In the opinion of the Public Trustee, the financial statements of the fund present fairly the financial position of the fund as at 30 June 2003 and the results of the operations and its cash flows for the period from 22 January 2003 to 30 June 2003:



Diane F Kargas  
Public Trustee  
5 August 2003



John Mackay  
Board Member  
5 August 2003

## CANBERRA BUSHFIRE RECOVERY APPEAL FUND

### STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2003

ASSETS	Notes	2003 \$
<b>CURRENT ASSETS</b>		
Cash at Bank	3	45 244
Accrued Investment Income		474
Investments		110 000
<b>TOTAL CURRENT ASSETS</b>		<b>155 718</b>
<b>TOTAL ASSETS</b>		<b>155 718</b>
<b>REPRESENTED BY:</b>		
Accumulated Funds		155 718
<b>Total Funds Employed</b>		<b>155 718</b>

### STATEMENT OF FINANCIAL PERFORMANCE

#### FOR THE PERIOD FROM 22 JANUARY 2003 TO 30 JUNE 2003

REVENUE	Notes	2003 \$
Gift of funds	2	8 829 941
Interest	2	73 197
Resources received free of charge – Audit	4	7 149
<b>Total Ordinary Revenue</b>		<b>8 910 287</b>
<b>EXPENSES</b>		
Funds transferred to beneficiaries		8 747 420
Audit fees		7 149
<b>Total Ordinary Expenses</b>		<b>8 754 569</b>
<b>OPERATING SURPLUS</b>		<b>155 718</b>
<b>Total Changes in Equity including those resulting from Transactions with Owners as Owners</b>		<b>155 718</b>

## CANBERRA BUSHFIRE RECOVERY APPEAL FUND CASH FLOWS

FOR THE PERIOD FROM 22 JANUARY 2003 TO 30 JUNE 2003

	Notes	2003 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
INFLOWS		
Interest received		72 723
Gift of funds received		8 829 941
OUTFLOWS		
Funds distributed		(8 747 420)
Net cash provided by operating activities		155 244
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
INFLOWS		
Proceeds from sale of investments		8 283 531
OUTFLOWS		
Payment for purchase of investments		(8 393 531)
Net cash used by investing activities		(110 000)
Cash at the beginning of the reporting period		0
Cash at the end of the reporting period		45 244

# CANBERRA BUSHFIRE RECOVERY APPEAL FUND



## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 30 JUNE 2003

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

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

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

#### (a) Basis of Accounting

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

#### (b) Revenue Recognition

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

#### (c) Interest Income

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

#### (d) Investments

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

#### (e) Prior Year Comparatives

There are no comparatives as this is the first period of operation of the Canberra Bushfire Recovery Appeal Fund.

#### (f) Liabilities

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

#### (g) Income Tax

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

### 3. RECONCILIATION OF CASH

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

	2003
	\$
Cash	45 244

### 4. RESOURCES RECEIVED FREE OF CHARGE

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

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

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

### 5. RELATED PARTY DISCLOSURES

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

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

The Right Reverend George Browning Bishop of Canberra and Goulburn;

Rev. Dr. Elizabeth Mackinlay;

Ms Michelle Thorne;

Mr Nic Manikis;

Mr John Mackay; and

Mr Gary Green.

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

# HUMAN RESOURCE MANAGEMENT



Strategic human resource management is a key focus to ensure that the skills of staff of the Office are able to meet the continuing demands for excellence in service delivery as well ensuring the Office can respond to future business challenges.

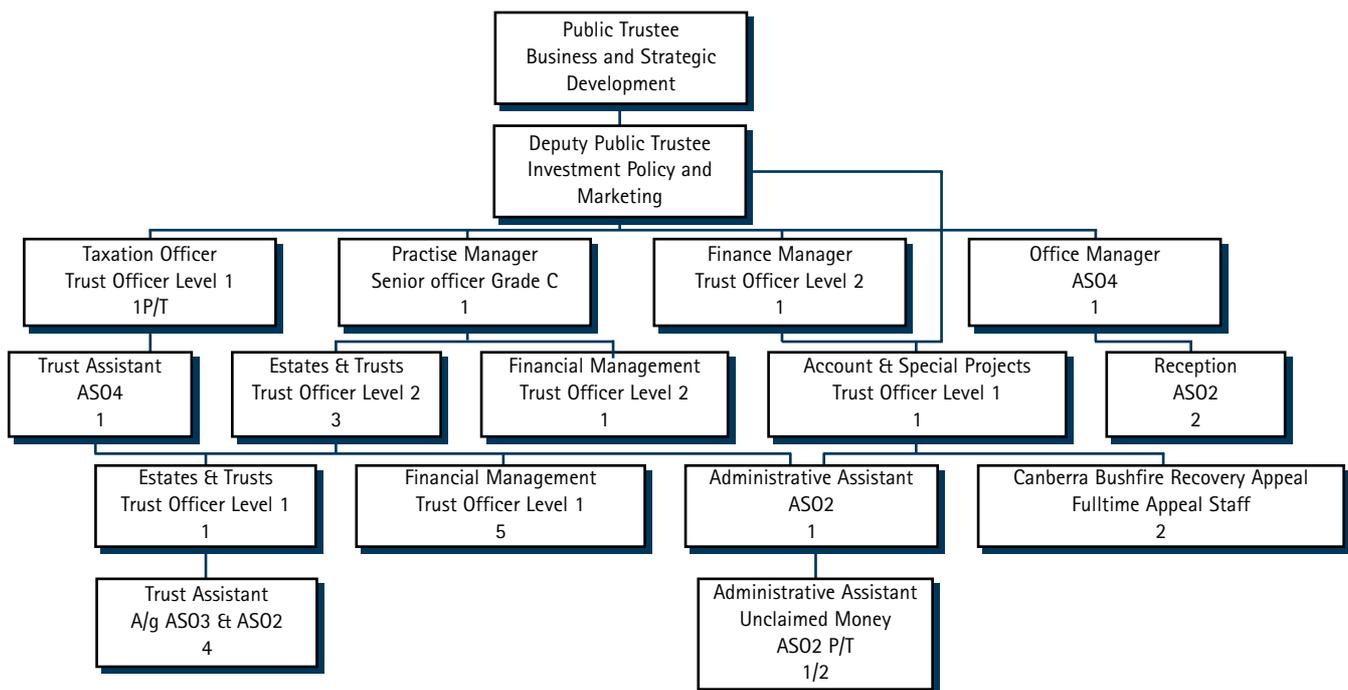
The Public Trustee Office comprises a highly motivated team of skilled individuals committed to the delivery of quality trustee services to the ACT community. The Office's staff is its greatest asset and without their motivation, skill and commitment services could not be delivered.

Staff deliver services through three business units:

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

Interaction between sections is high and all staff deal direct with the public.

## THE ORGANISATION AND STAFFING STRUCTURE



## EMPLOYMENT ARRANGEMENTS

Staff are public sector employees engaged under the *Public Sector Management Act 1994*.

Terms and conditions of employment are those specified by the Public Sector Management 1994 or as varied by the Department of Justice and Community Safety Certified Agreement 2003–2004.

The Public Trustee's remuneration is that determined for Executives of the ACT Public Services by the ACT Remuneration Tribunal.

As at 30 June 2003, the average staffing level of the organisation was 27.58. This included 26 full time staff, 1.58 part-time equivalent. The change in staffing numbers from the previous Annual Report is due to:

- Increases in trusts and estates under administration;
- The increased number of emergency and plenary financial management orders; and
- The Office's administration of the Canberra Bushfire Recovery Appeal.



*Corporate Business Team members*

## WORKFORCE PLANNING

During the year the Office established a Workforce Planning Committee, comprising the Public Trustee and representatives from each section, to develop a framework and oversee future workforce planning initiatives. The following initiatives were identified for further development:

- a new performance management framework;
- revised recruitment strategies, which ensure that the Office can attract the right staff with the right skills and at the right time;
- development of staff consistent with the priorities of the organisation as identified in the 2002–2005 Business Plan; and

- a career and succession structure that enhances and recognises the value of professional staff.

## LEARNING AND DEVELOPMENT

All staff are encouraged to enhance their skills and knowledge by undertaking study on topics that are relevant to the operations of the Public Trustee. During the financial year the Public Trustee sponsored staff on various courses and seminars with total expenditure on training totalling approximately \$33,000.

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

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

The range of topics attended by staff included:

- Trust Accounting – multiple common funds;
- Wills and Estate Administration;
- Business development and technical information;
- Risk Management and Fraud Prevention;
- Handling Anger and Aggression;
- Dealing with clients with a disability;
- GST, FBT and Taxation;
- Accounting software; GST updates, MYOB, PERIMOTE and PERSPECT training;
- Occupational Health & Safety;
- First Aid course; and
- Fire warden course.



*Bushfire Recovery Appeal Administration Team*

## WORKERS COMPENSATION

There were two workers' compensation claims reported during the financial year. The annual premium for the Office in 2002-2003 was \$22,746.00 or 2.20% of salaries. This premium reflects influences external to the Office and is not purely indicative of the claims history.

## OCCUPATIONAL HEALTH AND SAFETY

The Office has a low injury rate with only three incidents being reported during the period. The major areas of exposure are related to challenging behaviour of clients and office based sprains and strains. Of significance and concern was one incident related to a needle stick injury incurred whilst dealing with a deceased estate. Measures implemented following this occurrence included revised search/cleaning practices and procurement of safety equipment similar to that used by industrial workers. The Departmental Employee Assistance Provider was also utilised with a debrief of all staff occurring.

A special thankyou to John Mackay, ACTEWAGL for supplying the Office with protective equipment following this incident.

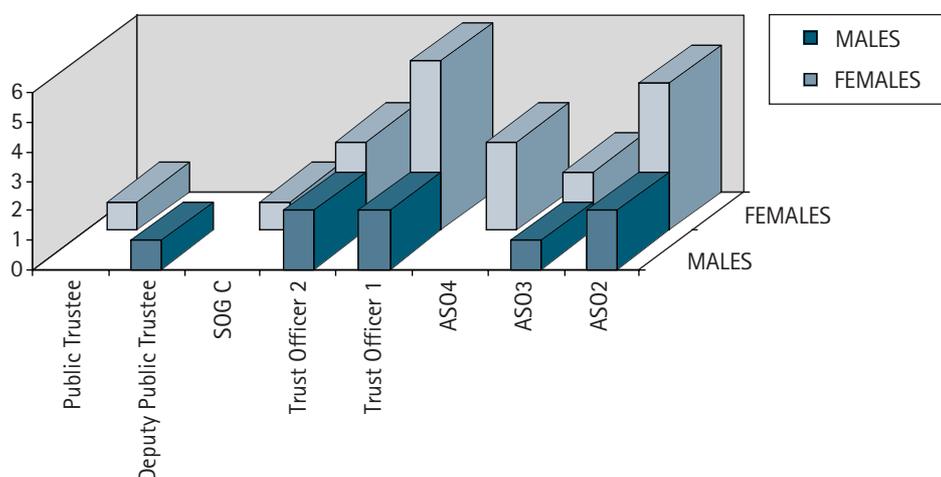
The Office's Occupational Health and Safety Management Co-ordinator is also a member of the Health and Safety Committee that addresses OH&S issues at Departmental level. The Office currently has two OH&S Representatives. The Public Trustee works closely with the Department of Justice and Community Safety on committees concerning various aspects of OH&S issues and relevant matters.

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

## EQUITY AND DIVERSITY

The Public Trustee is committed to the implementation of the Equity and Diversity Management Plan of the Department of Justice and Community Safety. The Public Trustee continues to adhere equality and equity principles and practices in its staffing strategy. Ms Toni Leiper, Senior Trust Officer represented the Office on the Departmental Committee that developed the Equity and Diversity Management Plan.

## STAFF BY CLASSIFICATION AND GENDER





# FINANCIAL AND PERFORMANCE STATEMENTS

## MANAGEMENT DISCUSSION AND REPORTING ANALYSIS FOR PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2003

### GENERAL OVERVIEW

#### Objectives

The primary objective of the Public Trustee for the Australian Capital Territory is to provide safe, accessible and permanent trustee services to residents of the Australian Capital Territory. The principal activities of the Public Trustee 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 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 forfeiture of proceeds of crime;
- taxation and safe custody services for established clients;
- acting as agent for Unclaimed Monies; and
- undertaking investment responsibility for ACT Government Trust Funds.

#### Risk Management

The Public Trustee's approach to risk management provides clients with the assurance that low risk/high value services can be delivered. Management of risk is focused on both strategic and business process risk. The Office has retained a consultant to assist in development of strategies that identify potential risks and address the management of these risks.

The Public Trustee has developed a comprehensive risk control list covering all investment, financial, operational and administrative responsibilities. This list documents business processes that are undertaken by the office, identifies key risks associated with these processes and steps taken to control these risks.

An internal Investment Management Advisory Committee has been established by the Public Trustee and an internal Risk Management Committee has also been established. In addition, the Public Trustee is a member of the ACT Department of Justice and Community Safety Human Resource Management Committee and Finance Committee.

The Public Trustee's management has identified the following potential risks which may influence the future financial position of the office.

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

## FINANCIAL PERFORMANCE

The following financial information is based on audited Financial Statements for 2001-02 and 2002-03 and forward estimates contained in the 2003-04 Budget Paper Number 4.

### Operating Result

The operating surplus for 2002-03 was \$343 141, a decrease of \$7,859 or 2.2% on the 2002-03 budget. The decrease was largely due to expenditure rising at a higher rate than revenue.

The operating surplus for 2002-03 decreased by \$37,364, or 10%, from the actual result for 2001-02. Due mainly to changes in accounting requirements for employee benefits

FIGURE 1  
STATEMENT OF FINANCIAL PERFORMANCE TRENDS

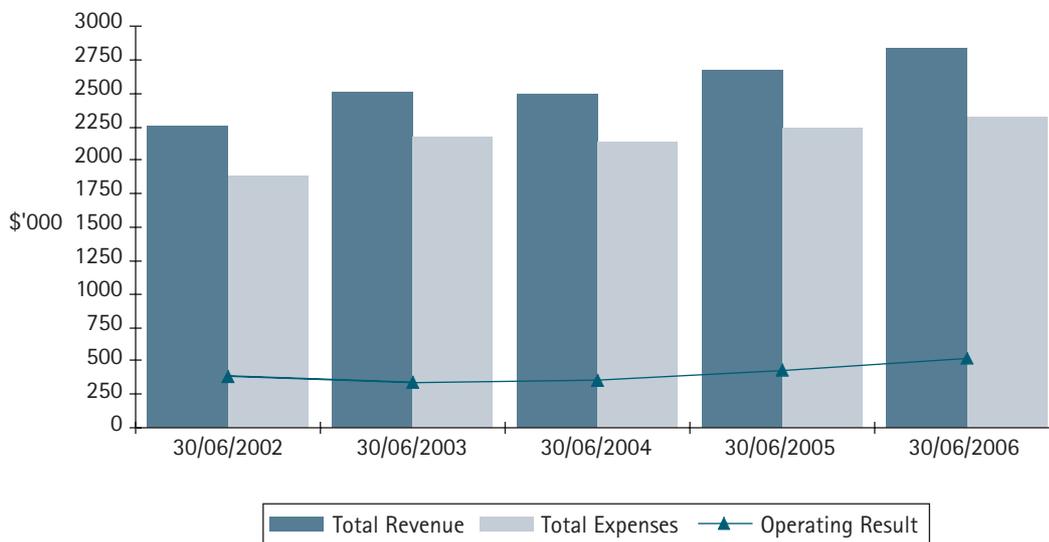
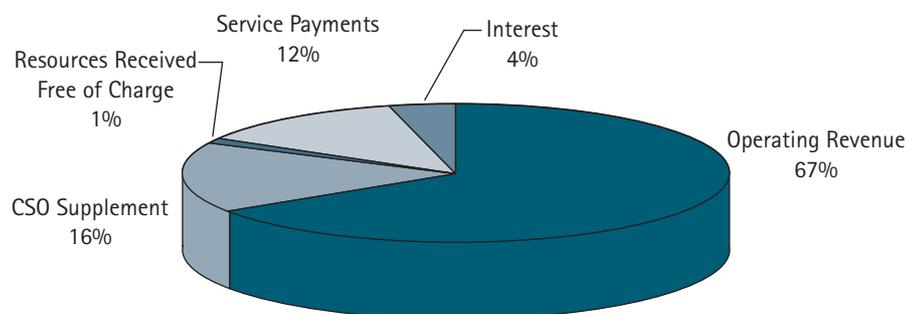


Figure 1 illustrates that the Public Trustee anticipates increasing revenue and expenses with a gradual increase in operating surplus.

## Total Revenue

As illustrated in Figure 2 the Public Trustee derives 67% of its revenue from fees and charges relating to the provision of trustee services.

FIGURE 2  
COMPONENTS OF REVENUE



Total revenue for the year ended 30 June 2003 was **\$2,507,211**, which was **\$131,211** higher than the 2002-03 budget of **\$2,376,000**. This increase is due to an increase in operating revenue as a result of the finalisation of a number of high value estates during the year, combined with increased value of real estate.

Total revenue was **\$245,843**, or 11%, higher than total revenue for the 2001-02 year. This improvement results from increased operating revenue, increased interest income and resources received free of charge.

Revenue for 2003-04 is budgeted to remain at approximately the same level as the 2002-03 financial year.

## Total Expenditure

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

Total expenditure for the financial year ended 30 June 2003 was \$2,164,070, of which **\$1,423,907**, or 66%, was employee related expenditure. Budgeted expenditure for the financial year was **\$2,025,000**. The increase in expenditure compared with budgeted and actual expenditure was a result of changes to the revised accounting for employee benefits as well as superannuation on costs.

Expenditure in the 2003-04 financial year is expected to increase by **\$63,153** due to costs associated with the enterprise bargaining agreement, the continued need for temporary staff to cover workload, implementation of the business plan and the need to manage Unclaimed Moneys, including development of a database on the Public Trustee website.

## PUBLIC TRUSTEE FINANCIAL POSITION

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

## Sustained Asset Base

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

**FIGURE 3**  
SUMMARY STATEMENT OF FINANCIAL POSITION



The net asset position as at 30 June 2003 of **\$1,853,936** is **\$17,936** higher than the 2002-03 budget of **\$1,836,000** and **\$164,607** higher than the 2001-02 actual result. Both improvements are largely due to increased cash held at 30 June 2003. The net asset position indicates an asset base capable of meeting the service requirements of clients of the Public Trustee.

## Liquidity

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

**TABLE 1**  
CURRENT RATIO

	Prior Year Actual \$'000 2001-02	Current Year Budget \$'000 2002-03	Current Year Actual \$'000 2002-03	Forward Year Budget \$'000 2003-04	Forward Year Budget \$'000 2004-05	Forward Year Budget \$'000 2005-06
Total Current Assets	2,193	2,475	2,462	2,584	2,851	3,179
Total Current Liabilities	387	494	437	391	424	510
Current Ratio	5.67:1	5.01:1	5.63:1	6.61:1	6.72:1	6.23:1

The Public Trustee's current ratio for the financial year is **5.63 to 1**, an improvement on the budgeted current ratio of **5.01 to 1**. This improvement is reflected in a reduction in trade creditors compared with budget.

The current ratio is expected to increase in forward years, with a slight decrease in 2005-06. Despite this decrease the Public Trustee will still maintain a strong level of liquidity.

## Long Term Liabilities

The Public Trustee's non-current liabilities for the financial year ended 30 June 2003 were \$171,440, slightly higher than the budgeted figure of \$145,000 and \$54,620 higher than the 2001-02 actual result of \$116,820. The sole non-current liability of the Public Trustee is a provision for employee benefits, representing staff entitlement to long service leave and the increase in contributed to superannuation on costs and changes to the revised accounting standards.

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

The ratio for 30 June 2003 as indicated in Table 2 is 3.96 to 1, increasing to 4.67 to 1 in 2003-04 and remaining constant in forward years. The ratio of 3.96 to 1 is an increase from 3.84 to 1 resulting from a higher than anticipated balance in cash and a lower than anticipated balance in receivables.

TABLE 2  
FINANCIAL ASSETS TO TOTAL LIABILITIES RATIO

	Prior Year Actual \$'000 2001-02	Current Year Budget \$'000 2002-03	Current Year Actual \$'000 2002-03	Forward Year Budget \$'000 2003-04	Forward Year Budget \$'000 2004-05	Forward Year Budget \$'000 2005-06
Total Financial Assets	2,170	2,456	2,417	2,561	2,827	3,154
Total Liabilities	503	639	609	548	603	731
Financial Assets to Liabilities Ratio	4.31:1	3.84:1	3.96:1	4.67:1	4.69:1	4.31:1

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.



# AUDITOR-GENERAL

Australian Capital Territory



## INDEPENDENT AUDIT REPORT

### PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

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

#### GENERAL

I have audited the financial statements of the Public Trustee for the Australian Capital Territory for the year ending 30 June 2003. The financial statements, which were forwarded to me by the Public Trustee, consist of the following financial statements together with the notes thereto:

- Statement of Financial Performance;
- Statement of Financial Position;
- Statement of Cash Flows, and
- Statement of Performance.

In accordance with Section 59 of the *Financial Management Act 1996*, the preparation and presentation of the financial statements, and the information contained therein, is the responsibility 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 in Australia, so as to present a view of the Public Trustee for the Australian Capital Territory 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.

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

## AUDIT OPINION

In my opinion the financial statements of the Public Trustee for the Australian Capital Territory for the year ending 30 June 2003 present fairly in accordance with the *Financial Management Act 1996*, Australian Accounting Standards and other mandatory professional reporting requirements in Australia, the financial position of the Public Trustee for the Australian Capital Territory as at 30 June 2003 and the results of its operations and its cash flows for the year then ended.

\*\*\*\*

## 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 Statement of Performance 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.

Explanations for variations between actual performance and budgeted performance are included in the Statement of Performance. Due to the essential subjectivity of some of these explanations, all explanations have been excluded from the audit scope and therefore no audit opinion has been formed or is expressed on the accuracy or reliability of the explanations.

The audit scope also did not include an assessment of the relevance or appropriateness of the reported measures for evaluating the effectiveness and efficiency of the Public Trustee for the Australian Capital Territory.

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

### AUDIT OPINION

In my opinion, the accompanying Statement of Performance of the Public Trustee for the Australian Capital Territory is prepared in accordance with the *Financial Management Act 1996* and fairly represents the indicated performance of the Public Trustee for the Australian Capital Territory for the year ended 30 June 2003.



Bernie Sheville  
Acting Auditor-General  
August 2003



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

**STATEMENT OF RESPONSIBILITY  
FOR THE YEAR ENDED 30 JUNE 2003**

In my opinion, the financial statements are presented in accordance with the Public Trustee for the Australian Capital Territory's accounts and records, and fairly reflect the financial operations and service performance of the Public Trustee for the Australian Capital Territory for the year ended 30 June 2003, and the financial position on that date.

Yours sincerely

Diane Kargas  
Public Trustee ACT  
12 August 2003

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 30TH JUNE 2003**

	Notes	2003		2002
		Actual	Budget	Actual
		\$	\$	\$
<b>REVENUE</b>				
Service Payments from General Government Sector	4	313 000	313 000	358 000
Community Service Obligation Payment		393 000	393 000	385 000
Operating Revenue	5	1 663 470	1 580 000	1 427 025
Resources Received Free of Charge	6	27 354	0	0
Interest		110 387	90 000	91 343
<b>Total Ordinary Revenue</b>		<b>2 507 211</b>	<b>2 376 000</b>	<b>2 261 368</b>
<b>EXPENSES</b>				
Employee Expenses	7	1 423 907	1 279 000	1 198 046
Supplies and Services	8	740 163	746 000	682 817
<b>Total Ordinary Expenses</b>		<b>2 164 070</b>	<b>2 025 000</b>	<b>1 880 863</b>
<b>Operating Surplus</b>		<b>343 141</b>	<b>351 000</b>	<b>380 505</b>
Net Effect of the Revised Accounting Standard	3	(6 964)	0	0
Change in Equity other than those resulting from				
Transactions with owners as owners		336 177	351 000	380 505
Dividend provided for		(171 570)	(174 000)	(190 252)
<b>Total changes in Equity including those resulting from transactions with owners as Owners</b>		<b>164 607</b>	<b>177 000</b>	<b>190 253</b>

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

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2003**

	Notes	2003 Actual \$	Budget \$	2002 Actual \$
<b>CURRENT ASSETS</b>				
Cash	9	354 938	71 000	36 382
Investments		1 975 000	2 176 000	2 025 000
Receivables	10	86 969	209 000	108 756
Prepayments		45 901	19 000	22 596
<b>Total Current Assets</b>		<b>2 462 808</b>	<b>2 475 000</b>	<b>2 192 734</b>
<b>Total Assets</b>		<b>2 462 808</b>	<b>2 475 000</b>	<b>2 192 734</b>
<b>CURRENT LIABILITIES</b>				
Payables	11	59 613	179 000	60 962
Employee Benefits	12	206 248	141 000	135 371
Other Liabilities	13	171 571	174 000	190 252
<b>Total Current Liabilities</b>		<b>437 432</b>	<b>494 000</b>	<b>386 585</b>
<b>NON CURRENT LIABILITIES</b>				
Employee Benefits	12	171 440	145 000	116 820
<b>Total Non-Current Liabilities</b>		<b>171 440</b>	<b>145 000</b>	<b>116 820</b>
<b>Total Liabilities</b>		<b>608 872</b>	<b>639 000</b>	<b>503 405</b>
<b>Net Assets</b>		<b>1 853 936</b>	<b>1 836 000</b>	<b>1 689 329</b>
<b>REPRESENTED BY:</b>				
Accumulated Funds	14	1 853 936	1 836 000	1 689 329
<b>Total Funds Employed</b>		<b>1 853 936</b>	<b>1 836 000</b>	<b>1 689 329</b>

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

PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003		2002
		Actual	Budget	Actual
		\$	\$	\$
<b>Cash Flows from Operating Activities</b>				
<b>Receipts</b>				
Operating Revenue		265 391	126 000	236 432
Management fees		569 015	592 000	586 107
Commission received		827 040	825 000	584 184
Interest received		107 084	82 000	85 476
Appropriations		706 000	706 000	743 000
GST charged on Sales		169 855	152 000	134 909
GST refund from ATO		0	0	0
Other		16 743	0	204
<b>Total Receipts from Operating Activities</b>		<b>2 661 128</b>	<b>2 483 000</b>	<b>2 370 312</b>
<b>Payments</b>				
Salaries		1 305 419	1 240 000	1 187 153
Suppliers		715 983	708 000	688 214
GST paid on Supplies		78 600	77 000	70 241
GST paid to ATO		85 467	80 000	98 347
Other		16 851	0	0
<b>Total Payments from Operating Activities</b>		<b>2 202 320</b>	<b>2 105 000</b>	<b>2 043 955</b>
<b>Net cash inflows from Operating Activities</b>	<b>20</b>	<b>458 808</b>	<b>378 000</b>	<b>326 357</b>
<b>Cash Flows from Financing Activities</b>				
<b>Payments</b>				
Dividend Paid		190 252	159 000	10 285
<b>Total Payments from Financing Activities</b>		<b>190 252</b>	<b>159 000</b>	<b>10 285</b>
<b>Net Cash Inflow/(Outflow) from Financing Activities</b>		<b>(190 252)</b>	<b>(159 000)</b>	<b>(10 285)</b>
Net Increase in cash held		268 556	219 000	316 072
Cash at the beginning of the financial year		2 061 382	2 028 000	1 745 310
<b>Cash at the end of the year</b>		<b>19 232 938</b>	<b>2 247 000</b>	<b>2 061 382</b>

# PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

## 1. ACTIVITIES OF THE PUBLIC TRUSTEE

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

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### A) BASIS OF ACCOUNTING

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

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

- (i) a Statement of Financial Performance for the year;
- (ii) a Statement of Financial Position for the year;
- (iii) a Statement of Cash Flows for the year;
- (iv) a summary of the significant accounting policies adopted by the Public Trustee for the year;
- (v) such other statements necessary to fairly reflect the financial operations of the Public Trustee during the year and its financial position at the end of the year; and
- (vi) Statement of Performance for the year

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

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

The financial statements have been prepared using the accrual basis of accounting, which recognises the effects of transactions and events when they occur. The financial statements have also been prepared according to the historical cost convention.

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

### B) THE REPORTING PERIOD

These financial statements report the financial performance and cash flows of the Public Trustee for the Australian Capital Territory for the financial year ended 30 June 2003 and the financial position of the Public Trustee for the Australian Capital Territory as at 30 June 2003.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

### C) COMPARATIVE FIGURES

#### Budget Figures

Budget information for 2002-03 has been provided, as presented in the Public Trustee's Statement of Intent and the amounts published in the ACT Budget Papers in 2002-03. The *Financial Management Act 1996* (FMA) requires the statements to facilitate a comparison with the Statement of Intent.

#### Prior Year Comparatives

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

### D) EMPLOYEE BENEFITS

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

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

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

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

### E) INSURANCE

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

### F) TRUST FUNDS

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

## 3. CHANGE IN ACCOUNTING POLICIES

In the 2003 financial year Public Trustee for the Australian Capital Territory applied AASB 1028 *Employee Benefits* (Revised) for the first time. Adjustments resulting from the first time application of this standard can be made against Accumulated Funds. This standard supersedes the former AASB 1028 and AAS 30 *Accounting for Employee Entitlements*.

The revised AASB 1028 prescribes the recognition and measurement for employee benefits expected to be paid in the next twelve months to include the measurement of employee benefits using remuneration rates that Public Trustee for the Australian Capital Territory expects to payout when an obligation is settled. Previously, employee benefits expected to be settled in the next 12 months were recognised based on the employee's current salary level applicable at the end of the current financial year.

As a result of the new standard, the provisions for employee benefits existing at 30 June 2002 which were expected to be paid in the next 12 months need to reflect wage increases that occurred in that period. There was no material effect on the Statement of Financial Performance arising from the change in policy. The retrospective adjustments made to Retained Profits at the beginning of the financial year, which totalled \$6 964, were for increases to Current Employee Annual Leave Liability.

#### RESTATED STATEMENT OF FINANCIAL POSITION

	Actual 2002 \$	Budget 2003 \$	Actual 2003 \$
<b>CURRENT LIABILITIES</b>			
Employee Provisions	206 248	141 000	135 371
Total Current Liabilities	437 432	494 000	386 585
Total Equity	1 853 936	1 836 000	1 689 329

#### 4. SERVICE PAYMENTS FROM GENERAL GOVERNMENT SECTOR

	2003 \$	2002 \$
Business Development Funding	125 000	175 000
Information Technology assistance costs	167 000	167 000
Insurance Risk Management levy assistance costs	21 100	16 000
	<u>313 000</u>	<u>358 000</u>

## 5. OPERATING REVENUE

	2003	2002
	\$	\$
Commission received	825 688	572 688
Management Fees	578 891	611 378
Other	258 891	242 959
	<u>1 663 470</u>	<u>1 427 025</u>

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

## 6. RESOURCES RECEIVED FREE OF CHARGE

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

### Revenue from the ACT Government

	2003	2002
	\$	\$
Revenue from Operating Activities		
Legal services	27 354	0
	<u>27 354</u>	<u>0</u>

## 7. EMPLOYEE EXPENSES

	2003	2002
	\$	\$
Salaries		
- General	1 135 565	948 977
- Business development and investment policy	92 471	79 607
- Unclaimed Moneys	10 258	4 795
Superannuation	119 673	101 936
Productivity component	39 637	36 290
Fringe Benefits tax	5 054	5 077
Comcare premiums	20 681	20 678
Other employee expenses	568	686
	<u>1 423 907</u>	<u>1 198 046</u>

## 8. SUPPLIES AND SERVICES

	2003	2002
	\$	\$
Business Development costs	51 014	117 027
Computer expenses	199 374	158 791
Motor Vehicle Expenses	18 180	18 882
Rental Lease Payments/Cleaning	138 356	135 051
Repairs/Maintenance	39 411	41 726
Printing/Stationery	29 472	36 380
Telephones	28 374	25 380
Staff training	8 419	6 155
Postage	13 298	12 353
Audit Fee	20 700	26 100
Subscriptions	9 805	8 701
Office Equipment	14 196	12 161
Leasing – Computers	29 566	35 342
Legal Services	27 354	0
Travel Expenses	8 151	8 509
Conference Costs / Meeting Expenses	1 674	1 029
Insurance Risk Management Levy	23 022	19 363
Advertising	3 392	4 046
Doubtful Debts	41 952	0
Bank charges	5 651	4 467
Other expenses	23 839	6 882
Electricity	4 963	4 472
	<u>740 163</u>	<u>682 817</u>

## 9. CASH

	2003	2002
	\$	\$
Cash at Bank	354 711	36 032
Cash on Hand	<u>227</u>	<u>350</u>
	<u>354 938</u>	<u>36 382</u>

## 10. RECEIVABLES – CURRENT

	2003	2002
	\$	\$
<b>Current Receivables</b>		
Trade Debtors	93 469	50 180
Less: Allowance for Doubtful Debts	(41 952)	0
	51 517	50 180
Other Debtors	20 864	47 291
Accrued Revenue	14 588	11 285
<b>Total Receivables</b>	<b>86 969</b>	<b>108 756</b>
<b>Ageing of Receivables</b>		
Receivables are aged as follows:		
Overdue for less than 30 days	59 117	41 619
Overdue for 30 to 60 days	0	5 208
Overdue for more than 60 days	69 804	61 929
Less Total Allowance for Doubtful Debts	(41 952)	0
<b>Total Receivables</b>	<b>86 969</b>	<b>108 756</b>
<b>Split of Government/Non-Government Receivables</b>		
<b>Receivables with Other ACT Government Entities</b>		
Net Trade Debtors	6 089	8 036
Other Debtors	20 841	47 192
<b>Total Receivables with Other ACT Government Entities</b>	<b>26 930</b>	<b>55 228</b>
<b>Receivables with Entities Outside Government</b>		
Net Trade Debtors	45 428	42 144
Other Debtors	23	99
Accrued Revenue	14 588	11 285
<b>Total Receivables with Entities Outside Government</b>	<b>60 039</b>	<b>53 528</b>
<b>Total Receivables</b>	<b>86 969</b>	<b>108 756</b>

## 11. PAYABLES

	2003	2002
	\$	\$
<b>Current Payables</b>		
Trade Creditors	59 613	60 962
<b>Total Payables</b>	<b>59 613</b>	<b>60 962</b>
<b>Payables are aged as follows:</b>		
Overdue for less than 30 Days	38 969	40 619
Overdue for 30 to 60 Days	0	529
Overdue for more than 60 Days	20 644	19 814
<b>Total Payables</b>	<b>59 613</b>	<b>60 962</b>
<b>Split of Government/Non-Government Payables</b>		
<b>Payables with Other ACT Government Entities</b>		
Trade Creditors	24 133	45 098
<b>Total Payables with Other ACT Government Entities</b>	<b>24 133</b>	<b>45 098</b>
<b>Payables with Entities Outside ACT Government</b>		
Trade Creditors	35 480	15 864
<b>Total Payables with Entities Outside ACT Government</b>	<b>35 480</b>	<b>15 864</b>
<b>Total Payables</b>	<b>59 613</b>	<b>60 962</b>

## 12. EMPLOYEE BENEFITS

This relates to the net movement of provisions from 1 July 2002 to 30 June 2003. Employee Benefit provisions comprise of the following:

	2003	2002
	\$	\$
Recreation Leave	156 942	103 942
Accrued employee expenses	45 792	31 429
Long Service Leave – Current	3 514	0
<b>Total Current Employee Benefits</b>	<b>206 248</b>	<b>135 371</b>
Long Service Leave – Non Current	171 440	116 820
<b>Total Employee Benefits</b>	<b>377 688</b>	<b>252 191</b>

At the end of the 2003 financial year the Public Trustee for the Australian Capital Territory had 28 staff employed. (2002 – 24 staff)

### 13. OTHER LIABILITIES

#### CURRENT OTHER LIABILITIES

	2003	2002
	\$	\$
Dividend Payable	171 571	190 252

### 14. EQUITY

#### Total Equity at the End of the Year

	2003	2002
	\$	\$
Retained Profits/(Accumulated Losses)	1 853 936	1 689 329
<b>Total Equity</b>	<b>1 853 936</b>	<b>1 689 329</b>

#### Movements in Equity during the Year

##### Retained Profits/(Accumulated Losses)

Balance at the beginning of the year	1 689 329	1 499 076
Operating Surplus	343 141	380 505
Total available for Appropriation	2 032 470	1 879 581
Dividends Paid or Provided for	(171 570)	(190 252)
Net Effect of the Adoption of a New Standard	(6 964)	0
<b>Balance at the End of the Financial Year</b>	<b>1 853 936</b>	<b>1 689 329</b>

### 15. COMMITMENTS

#### Operating Leases

Non-Cancellable Operating Lease Commitments are Payable as follows:

	2003	2002
	\$	\$
Not later than one year	138 595	134 557
Later than one year but not later than five years	441 236	579 831
<b>Total Operating Lease Commitments</b>	<b>579 831</b>	<b>714 388</b>

### 16. CONTINGENT LIABILITIES

As at 30 June 2003, the Office of the Public Trustee had no contingent liabilities or capital commitments.

### 17. SEGMENT REPORTING

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

## 18 AUDITOR'S REMUNERATION

	2003	2002
	\$	\$

Remuneration to the ACTAGO for auditing the financial Statements for the reporting period. 24 750 23 800

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

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

## 19. RECONCILIATION OF CASH

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

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

	2003	2002
	\$	\$
Cash	354 938	36 382
Investments	1 975 000	2 025 000
	<u>2 329 938</u>	<u>2 061 382</u>

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

	2003	2002
	\$	\$
Operating Surplus	343 141	380 505
Increase in employee benefits	125 497	4 172
Adoption of revised accounting standard	(6 964)	
Change in Operating Assets and Liabilities:		
(Increase) Decrease in receivables	21 787	(19 573)
(Increase) Decrease in prepayments	(23 305)	(4 380)
(Decrease) Increase in trade creditors	(1 349)	(892)
(Decrease) Increase in other liabilities	0	(33 475)
Net cash provided by operating activities	<u>458 808</u>	<u>326 357</u>

## 21. FINANCIAL INSTRUMENTS

### (A) TERMS, CONDITIONS AND ACCOUNTING POLICIES

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

Financial Assets	Note	Accounting Policies	Terms & Conditions
Cash	9	Cash is stated at its nominal amount. Interest is recognised in the Operating Statement when earned.	Cash is kept in a Commonwealth bank account of which the weighted average interest rate is 4.60%
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 5.07%
Receivables	10	Debtors are recognised at the amounts that were the amounts that were charged at the date when the services or goods were supplied.	Debtor amounts are normally recovered within 1 month.
Financial Liabilities			
Payables	11	Liabilities are recognised for amounts to be paid in the future for services received, whether or not billed to the entity.	Creditors are normally settled within 28 days as per ACT . Government policy

### (B) NET FAIR VALUES OF FINANCIAL INSTRUMENTS

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

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

the expected short term payment of *creditors*.

### (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 \$	
	2003	2002	2003	2002	2003	2002	2003	2002
Cash	354 938	36 382	4.60	4.37	0	0	354 938	36 382
Investments	1 975 000	2 025 000	5.07	4.84	0	0	1 975 000	2 025 000
Receivables		0		0	86 969	108 756	86 969	108 756
Total	2 329 938	2 061 382			86 969	108 756	2 416 907	2 170 138

Financial Liabilities	Floating Interest Rate \$		Weighted Average Interest Rate %		Non Interest Bearing \$		Total \$	
	2003	2002	2003	2002	2003	2002	2003	2002
Payables	0	0	0	0	59 613	60 962	59 613	60 962
Total	0	0			59 613	60 962	59 613	60 962
Net Financial Assets/Liabilities	2 329 938	2 061 382			27 356	47 794	2 357 294	2 109 176

## STATEMENT OF PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2003

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 Office's ability to meet agreed standards and to provide professional, and efficient services to the ACT Community.

INDICATOR	Estimated Outcome 2002-03	ACTUAL OUTCOME 2002-03	% Variance	PLANNED 2003/04	PLANNED 2003/04	PLANNED 2005-06
1. No of Current Financial Management under Orders of the Guardianship and Management of Property Tribunal (GMPT)	340	358	5.3%	345	350	355
2. No of active financial management accounts under Power of Attorney and Enduring Power of Attorney	95	108	13.7%	97	100	103
3. No of responses to community call outs following death	12	7	(41.67%)	12	12	12
4. No of Welfare funerals arranged	4	8	100%	4	4	4
5. No of Examinations of accounts provided from external managers under GMPT	250	254	1.57%	250	250	250
6. No of Deceased Estate Administrations completed <\$100,000	76	70	(7.89%)	76	76	76
7. No of Deceased Estate Administrations completed > \$100,000	44	36	(18.18%)	44	44	44
8. No of trusts held under legal liability less than <\$100,000	560	562	.35%	565	565	565
9. No of trusts held under legal liability > \$100,000	30	30	0.00%	32	34	36
10. Wills	540	617	14.9%	545	550	550
<i>Percentage of expenditure over total income</i>	85%	86%	1.17%	86%	83%	79%

### NOTES

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



# AUDITOR-GENERAL

Australian Capital Territory



## INDEPENDENT AUDIT REPORT

### PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY - TRUST ACCOUNT FINANCIAL STATEMENTS

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

#### SCOPE

I have audited the financial statements of the Public Trustee for the Australian Capital Territory – Trust Account (the financial statements) for the year ending 30 June 2003. The financial statements, which were forwarded to me by the Public Trustee for the Australian Capital Territory, consist of the following financial statements together with the notes thereto:

- Statement of Income and Expenditure – Common Fund Interest Account;
- Statement of Income and Expenditure – Guarantee and Reserve Account;
- Balance Sheet; and
- Statement of Cash Flows.

The financial statements are the responsibility of the Public Trustee. I have conducted an independent audit of the financial statements in order to express an opinion on them to the Members of the Legislative Assembly for the Australian Capital Territory.

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 present a view of the Public Trustee for the Australian Capital Territory – Trust Account 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 Trust Account financial statements of the Public Trustee for the Australian Capital Territory for the year ending 30 June 2003 present a view of the Public Trustee for the Australian Capital Territory – Trust Account which is consistent with my understanding of its financial position, the results of its operations and its cash flows.

Bernie Sheville  
Acting Auditor-General  
14 August 2003

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**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 2002 TO 30 June 2003; 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 2003.

Yours sincerely

Diane Kargas  
Public Trustee ACT  
5 August 2003

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

### STATEMENT OF INCOME AND EXPENDITURE – GUARANTEE AND RESERVE ACCOUNT YEAR ENDED 30 JUNE 2003

	2003	2002
	\$	\$
<b>INCOME</b>		
Investment Income	76 354	68 992
	<b>76 354</b>	<b>68 992</b>
<b>EXPENDITURE</b>		
Management Fees	13 622	13 682
Income Commission	4 179	3 653
Amortisation	5 000	5 000
	<b>22 801</b>	<b>22 335</b>
<b>NET OPERATING PROFIT</b>	<b>53 553</b>	<b>46 657</b>
Transfer to Asset Revaluation Reserve	0	10 000
Transfer to equity account	(53 553)	(56 657)
<b>SURPLUS AT END OF FINANCIAL YEAR</b>	<b>0</b>	<b>0</b>

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY

### STATEMENT OF INCOME AND EXPENDITURE – COMMON FUND INTEREST ACCOUNT YEAR ENDED 30 JUNE 2003

	2003	2002
	\$	\$
<b>INCOME</b>		
Investment Income	2 540 204	1 841 078
	<b>2 540 204</b>	<b>1 841 078</b>
<b>EXPENDITURE</b>		
Interest paid to Estates and Trusts	1 117 813	1 177 634
Distributions to Estates and Trusts	908 347	368 246
Management Fees	527 995	439 713
Other expenditure	0	106
	<b>2 554 155</b>	<b>1 985 699</b>
<b>NET OPERATING (LOSS)</b>	<b>(13 951)</b>	<b>(144 621)</b>
Transfer to equity account	13 951	144 621
<b>SURPLUS AT END OF FINANCIAL YEAR</b>	<b>0</b>	<b>0</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
BALANCE SHEET AS AT 30 JUNE 2003**

	Notes	2003 \$	2002 \$
<b>CURRENT ASSETS</b>			
Cash at Bank		30 928	39 979
Accrued Investment Income		169 001	256 785
GST Receivable		0	5 855
Investments	3	55 395 250	52 688 810
Unrealised Assets	4	25 368 989	21 048 876
<b>TOTAL CURRENT ASSETS</b>		<b>80 964 168</b>	<b>74 040 305</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	5	95 000	100 000
<b>TOTAL NON-CURRENT ASSETS</b>		<b>95 000</b>	<b>100 000</b>
<b>TOTAL ASSETS</b>		<b>81 059 168</b>	<b>74 140 305</b>
<b>CURRENT LIABILITIES</b>			
Accrued Interest Payable		271 209	270 981
Trust Liabilities	6	692 746	739 977
<b>TOTAL CURRENT LIABILITIES</b>		<b>963 955</b>	<b>1 010 958</b>
<b>NON-CURRENT LIABILITIES</b>			
Estates, Trusts etc under administration	7	78 119 126	71 192 862
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>78 119 126</b>	<b>71 192 862</b>
<b>TOTAL LIABILITIES</b>		<b>79 083 081</b>	<b>72 203 820</b>
<b>NET ASSETS</b>		<b>1 976 087</b>	<b>1 936 485</b>
<b>EQUITY</b>			
<b>Reserves</b>			
Common Fund	10	278 533	292 484
Guarantee & Reserve Account	11	1 672 719	1 619 166
Asset Revaluation	12	24 835	24 835
<b>TOTAL EQUITY</b>		<b>1 976 087</b>	<b>1 936 485</b>

**PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT  
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2003**

	Notes	2003	2002
		\$	\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>INFLOWS</b>			
Interest received		2 704 342	1 876 475
<b>OUTFLOWS</b>			
Interest paid to estates and trusts		(2 025 932)	(1 802 975)
Other payments		(539 941)	(457 154)
Net cash provided (used) by operating activities	9	138 469	(383 654)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
<b>INFLOWS</b>			
Proceeds from sale of investments		37 146 141	49 997 216
<b>OUTFLOWS</b>			
Payment for purchase of investments		(41 651 630)	(55 132 179)
Net cash used by investing activities		(4 505 489)	(5 134 963)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>INFLOWS</b>			
Receipts to trusts and estates		27 184 611	28 364 492
<b>OUTFLOWS</b>			
Payments from trusts and estates		(22 826 642)	(22 829 139)
Net cash provided in financing activities		4 357 969	5 535 353
Net (decrease)/increase used in cash held		(9 051)	16 736
<b>Cash at beginning of financial year</b>		<b>39 979</b>	<b>23 243</b>
<b>Cash at end of financial year</b>	<b>8</b>	<b>30 928</b>	<b>39 979</b>

## PUBLIC TRUSTEE FOR THE AUSTRALIAN CAPITAL TERRITORY TRUST ACCOUNT NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS YEAR ENDED 30 JUNE 2003

### 1. ACTIVITIES OF THE PUBLIC TRUSTEE

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

### 2. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

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

#### a) Basis of accounting

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

#### b) Estate assets

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

#### c) Property, Plant and Equipment

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

#### d) Amortisation

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

#### e) Investments

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

### 3. INVESTMENTS

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

The value of these investments is as follows:

#### CASH COMMON FUND

	2003	2002
	\$	\$
CURRENT		
Short Term Money Market and Interest		
Bearing Deposits and Securities	30 563 224	29 540 935
COMMON FUNDS		
CURRENT		
Australian Equities Common Fund	14 729 509	15 043 335
Australian Fixed Interest Common Fund	8 232 285	8 104 540
Australian Listed Property Common Fund	1 870 232	0
	24 832 026	23 147 875
TOTAL INVESTMENTS	55 395 250	52 688 810

### 4. UNREALISED ASSETS

Unrealised assets have been brought to account, as follows:

Real Estate *	14 310 817	13 932 450
Cash or Equivalent	10 979 086	6 918 757
Personal Effects *	79 086	197 669
	25 368 989	21 048 876

\* In accordance with Public Trustee guidelines

### 5. PROPERTY, PLANT AND EQUIPMENT

	2003	2002
	\$	\$
Leasehold building	100 000	100 000
Less: Accumulated Amortisation	5 000	0
	95 000	100 000

## 6. TRUST LIABILITIES

Estimated liabilities have been brought to account:

	2003	2002
	\$	\$
Mortgages	191 876	137 869
Funeral expenses	25 771	64 669
Bank Loans and Credit cards	27 456	127 522
Medical/Dental costs	17 914	55 997
Property/Utility costs	6 335	14 197
Sundry Debts	94 908	213 276
Other	328 486	126 447
	<u>692 746</u>	<u>739 977</u>

## 7. ESTATES, TRUSTS ETC UNDER ADMINISTRATION

	2003	2002
	\$	\$
Deceased Estates	14 199 698	12 693 859
Power of Attorney	7 622 042	4 774 629
Court Trusts	31 761 399	30 121 742
Protected Estates	829 546	829 631
Estate Trusts	7 805 721	7 918 288
Management Orders	15 787 015	14 832 163
Confiscated Assets	0	18 855
Charitable Foundations	60 520	0
Unclaimed Monies	52 695	3 451
Unallocated Assets *	490	244
	<u>78 119 126</u>	<u>71 192 862</u>

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 2002 to 30 June 2003.

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

## 8. 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:

	2003	2002
	\$	\$
Cash	30 928	39 979

## 9. RECONCILIATION OF NET CASH PROVIDED BY OPERATING ACTIVITIES TO OPERATING SURPLUS

	2003	2002
	\$	\$
Operating (deficit) – Interest account	(13 951)	(144 621)
Operating surplus – Guarantee and Reserve account	53 553	46 657
(Increase)/decrease in GST Receivable	5 855	(5 855)
(Increase)/decrease in accrued income	87 784	(27 740)
Increase/(decrease) in accrued interest payable	228	(257 095)
Amortisation	5 000	5 000
Net cash provided/(used) by operating activities	138 469	(383 654)

## 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 half-yearly to estates, trusts and persons on whose behalf money is held in the cash common fund, under section 59 of the *Public Trustee Act 1985*.

### COMMON FUNDS (EQUITIES AND FIXED INTEREST)

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

- 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 are net of management fees and charges. These fees are taken from the gross income earned prior to distribution.

Movements in the interest account reserve were as follows:

	2003	2002
	\$	\$
Balance at beginning of year	292 484	437 105
Add : Net movements in account	(13 951)	(144 621)
Balance at end of year	<u>278 533</u>	<u>292 484</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 beginning of year	1 619 166	1 572 509
Add : Net movements in account	53 553	46 657
Balance at end of year	<u>1 672 719</u>	<u>1 619 166</u>

#### 12. ASSETS REVALUATION RESERVE

	2003	2002
	\$	\$
Opening balance	24 835	14 835
Revaluation Increment	0	10 000
Closing Balance	<u>24 835</u>	<u>24 835</u>

#### 13. 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.

# COMPLIANCE/ALPHABETIC INDEX

All highlighted entries indicate those items required in a compliance index.

Aboriginal and Torres Strait Islander Reporting	N/A	Financial and Performance Statements	41, 50
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