

Annual Report

2017-18



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Justice
NSW Trustee
& Guardian

The Hon. Mark Speakman SC MP
Attorney General
Parliament House
SYDNEY NSW 2000

Dear Attorney General,

I am pleased to present the annual report and associated audited financial statements summarising the performance and activities of NSW Trustee & Guardian for 2017–18.

The annual report is prepared in accordance with the *NSW Trustee and Guardian Act 2009*, *Annual Reports (Statutory Bodies) Act 1984* and the *Public Finance and Audit Act 1983*.

Yours sincerely

Adam Dent
Chief Executive Officer
NSW Trustee & Guardian

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• Please quote our reference in your reply •

www.tag.nsw.gov.au

Overview of the 2017-18 Annual Report

NSW Trustee and Guardian's (NSWTG) 2017-18 Annual Report provides a description of our activities and performance for 2017-18. It also contains the audited financial statements.

The financial statements have been audited by the Audit Office of New South Wales.

This year's Annual Report includes a number of case studies to illustrate the work of NSWTG staff. Names and locations have been changed to maintain client confidentiality.

The artistic works included in the Annual Report have been reproduced under permission from Tulgeen Disability Enterprises. The works were created by artists with a disability who participate in their Art in the Garage program.

The artistic works we have reproduced in the Annual Report are:

- *Graeme Smith, Dugong, Acrylic on canvas, 2017 (front cover)*
- *John Kivits, Garage, Acrylic on paper, 2017 (page 69)*

This and earlier annual reports are available on our website tag.nsw.gov.au. A hardcopy can be provided on request by calling 8688 2600 and speaking to the Customer Resolutions Coordinator or by emailing tagmail@tag.nsw.gov.au.

Total external costs for the Annual Report are \$550. These costs are for reproduction of the artistic works.

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From our Chief Executive Officer



Since commencing in my role as Chief Executive Officer in January 2018 it has been a privilege to meet staff, clients and stakeholders on my visits to NSW TG locations and events across the state. These visits have helped me further my understanding of the numerous ways we help the people of New South Wales.

I am pleased to present our 2017-18 Annual Report as a summary of how we have served our clients and the community. As you read the report you will see the breadth and depth of the work our staff deliver and many examples of where we have made a difference to peoples' lives across New South Wales.

We have helped thousands of people to manage their health, lifestyle and finances by acting as their financial manager, guardian, executor, administrator, trustee, attorney or by preparing their planning ahead documents.

By promoting the importance of planning ahead and having a current Will, Power of Attorney and Enduring Guardianship document in place we have helped to ensure that people's choices and wishes are respected. It also helps reduce the need for state intervention in the managing of people's finances, health and lifestyle by reducing the demand for financial management and guardianship orders.

We contribute to the administration of justice by managing forfeiture of assets confiscated under the *Criminal Asset Recovery Act 1990* and the *Confiscation of Proceeds of Crime Act 1989* and by investing funds paid into court as directed by the courts.

Other government agencies utilise NSW TG's experience as trustee. For example, victims support payments are paid to NSW TG where the recipient is either under 18, under a financial management order or cannot be located by Victims Services at the time payment is approved.

I would like to acknowledge the hard work and effort of our staff throughout the year to deliver services for our clients. NSW TG is an organisation of remarkable people working with remarkable people.

Thank you and farewell to Damon Quinn, Graeme Smith and Justine O'Neill

Damon Quinn during his time as Acting Chief Executive Officer led the successful implementation of the new service delivery model while keeping a focus on keeping clients at the centre of our planning and service delivery.

Graeme Smith was a passionate supporter of people with disability. He retired from the role of Public Guardian on 29 September 2017 after 15 years' service to the people of New South Wales.

I would like to thank Damon and Graeme for their contributions and wish them both well in their future.

I would also like to thank Justine O'Neill for acting as Public Guardian following Graeme's retirement.

A changing environment

The services we provide and the demand for those services are impacted by a growing and aging population, an increasing level of complexity in people's estates and circumstances, as well as a greater focus on consumer choice. These factors are leading to a change in the way governments provide services and community expectations about how those services will be provided.

The National Disability Insurance Scheme (NDIS) is one example of these changes. The NDIS represents a fundamental change for how supports to people with disability are funded and delivered across Australia. NSW TG is involved in the NDIS through its role as a

financial manager, trustee or guardian for people with disability.

We have been working with the National Disability Insurance Agency (NDIA) to address issues within the scheme to assist our clients receive the support they need and are entitled to. We will continue to ensure the successful transition of eligible clients who are in the process of transition to the scheme. This is one of our key priorities in the years ahead.

During 2017-18 the NSW Law Reform Commission continued its review of the *Guardianship Act 1987*. NSWTG provided submissions to the review in February 2018. The Commission's final report was transmitted to the Attorney General on 21 May 2018.

Working across Government to improve outcomes

One way we can improve outcomes for clients is by partnering with other government agencies.

NSWTG is part of the Health Guardianship project. This project is one of the initiatives that has been implemented to meet the Premier's priority of improving service levels in hospitals. The project aims to reduce constraints on inpatient bed capacity in NSW hospitals and the risk of adverse events for clients that can arise during long hospital stays by reducing the time taken for guardians to be appointed and decisions made about hospital discharge.

NSWTG's role is to expedite the guardianship and financial decisions required to enable the early release of clients from hospital. To date the project has reduced the average length of hospital admissions from the time a guardianship application was made.

NSWTG has an agreement with the State Debt Recovery Office to identify outstanding debts for financially managed clients. Under this agreement fines can be set aside, written off or payment plans established based on client circumstances. Without this agreement many clients with limited income and assets who do not have the capacity to understand the impact of their actions in incurring these fines would need to allocate a significant proportion of their available income to pay the outstanding debts.

Engaging with the community about the importance of planning ahead

Part of our role is to engage with the community to promote awareness of the importance of planning ahead for future legal, financial, health and lifestyle decisions. One of the ways we aim to achieve this is to link planning ahead to key life stages such as marriage, having children or pets.

The *Planning ahead for pets* campaign and the Pet Emergency Card launched in August 2017 reached over two million people across the community with the message of taking care of your pets by planning ahead.

Reflecting client needs, priorities and resources

Last year NSWTG completed implementation of its new service delivery model. During 2017-18 we made numerous refinements to the model and procedures with the aim of improving outcomes for clients and efficiencies.

During 2017-18 NSWTG delivered the initial components of a new client management system. The components include a client relationship management function for guardianship and private financial management functions. Another component links the document drafting services and an external portal.

During 2017-18 we undertook a comprehensive consultative process with private financial managers to identify ways NSWTG and private managers could work together to assist them carry out their role. The consultation process involved focus groups, working groups and client surveys.

Based on this feedback, NSWTG has changed procedures in relation to follow up with private managers about managers' plans, account submissions and payment of outstanding invoices. The changes have improved the effectiveness of communication between NSWTG and private managers. They have also improved compliance rates in submission and reduced the fees outstanding to NSWTG.

The consultation process was also used to inform development of a private managers' portal to streamline the existing processes for providing documents to NSWTG.

Financial Performance

Our surplus from operating activities for 2017-18 was \$13.37 million excluding other gains and losses. The surplus was the result of an increase in revenue from client fees and income from corporate investments as well as lower than budgeted expenditure particular in relation to adjustments made to service level agreements with the Department of Justice.

The year ahead

As we head into 2018 -19 we have many challenges ahead of us. I am excited by our potential to improve outcomes for our clients and the value we can continue to deliver to the people of New South Wales by continually improving how we deliver our services and placing the client at the heart of all that we do.

During 2018-19 we will be focussed on the transition of eligible clients to the NDIS, proactively working with agencies across the Justice cluster to support effective reform of the *Guardianship Act 1987*, and implementing the government's response to the review of the Surety Bond scheme.

A handwritten signature in black ink, appearing to read 'Adam Dent', with a stylized flourish extending from the end.

Adam Dent
Chief Executive Officer and Commissioner of
Dormant Funds

Our Executive Team

The Executive Team, led by the Chief Executive Officer, provides leadership and sets the direction of NSW TG. It is responsible for monitoring progress in achievement of the strategic plan and ongoing management of the organisation. The team routinely draws on the expertise of NSW TG staff and Advisory Committees to inform its decisions.

At 30 June 2018 the Executive Team were:

Chief Executive Officer, Commissioner of Dormant Funds

Adam Dent, GradDip(Mgt), MBA, FAIM, MAICD (commenced on 22 January 2018)

Public Guardian

Andrew Gabriel, BCom GradDip(IR) (commenced 14 May 2018)

Director, Communications & Engagement

Megan Osborne, BBus (Mktg), GDipCom (ongoing appointment confirmed 26 March 2018)

Director, Financial Performance & Investments

Martin Pengilly, BSc (Hons), FCA

Director Information Technology

Vacant

Director, Legal & Professional Services

Ruth Pollard, LL.B

Director, Service Delivery

Jon Greig, BA (Hons), M.Phil (ongoing appointment confirmed 26 March 2018)

Director, Strategy & Governance

Michelle Batterham, BAS (commenced 25 June 2018)

Previous members of the Executive Team during 2017-18 were:

Acting Chief Executive Officer, Commissioner of Dormant Funds

Damon Quinn, BA, MA, MBA (1 July 2017 to 19 January 2018)

Acting Public Guardian

Justine O'Neill, BA BSocWk (30 September 2017 to 10 May 2018)

Public Guardian

Graeme Smith, LL.B, DipLegPrac, BSocSc(AppSocSc) (1 July 2017 to 29 September 2017)

Director Information Technology

Dr John Chow, BE BMedSci PhD (1 July 2017 to November 2017)

Director, Service Advisory

Tracy Burgess, BA, EMPA, CRM (1 July 2017 to 28 June 2018)

Director, Transformation Office

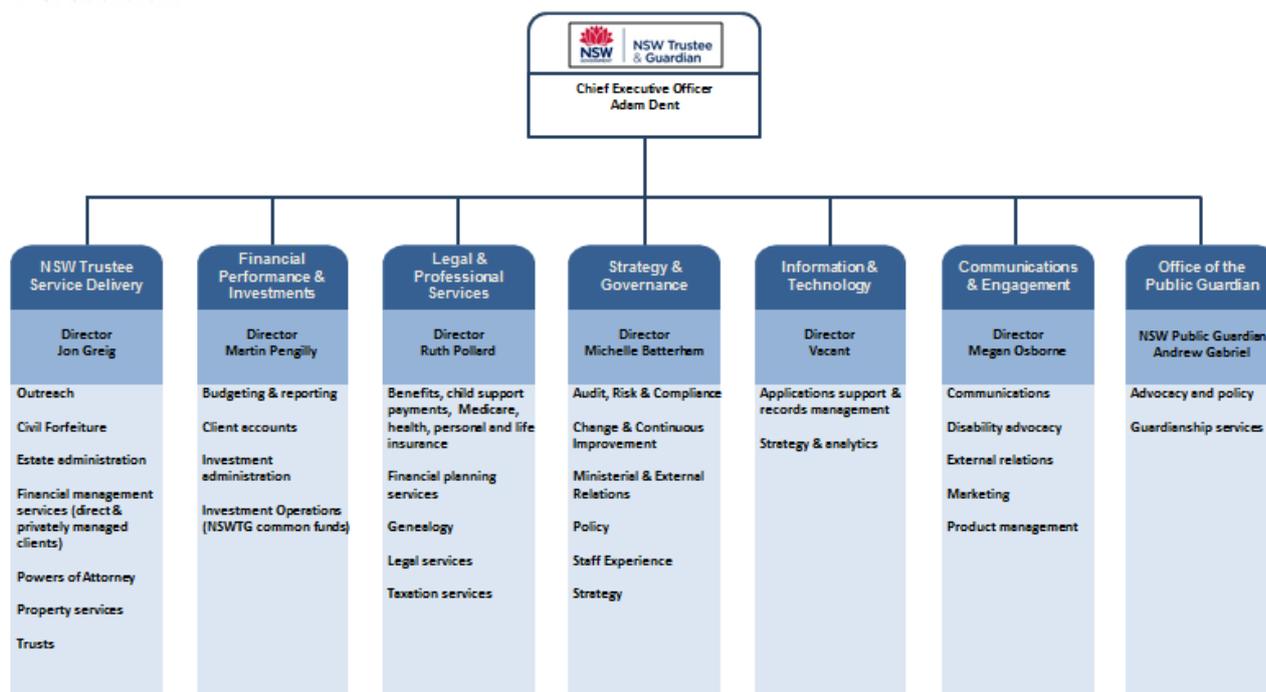
Joan O'Dwyer, B.Ed(Adult). Dip Mgt, Grad Cert Bus (PSMgt) (1 July 2017 to 2 August 2017)



NSW TG Executive Team (l-r) Martin Pengilly, Ruth Pollard, Megan Osborne, Adam Dent, Andrew Gabriel, Jon Greig, Michelle Batterham, William Haigh (commenced 2 July 2018)

Organisation Structure

A number of changes to NSW TG's organisation structure were implemented on 25 June 2018. These changes were intended to provide a more appropriate alignment of business units to achieve the best outcomes for our clients and to meet the challenges and opportunities of the future.



2017 – 18 at a glance

2017-18 SNAPSHOT

747 properties
were sold or
purchased



240 community
education events held

850 vehicles were
sold, purchased
or transferred



3K+
guardianship
decisions made



13.3K+
instruments
executed

\$3.3 BILLION
Processed 2 million
transactions worth
\$3.3 billion for clients



\$15.3 MILLION
paid from the proceeds of sale
of assets to Treasury from
Civil Forfeiture matters



6,662
tax returns
completed



3,798
investment
reviews completed



1,828
financial plans or records
of advice developed

AT 30 JUNE 2018 WE WERE MANAGING



\$5.9 BILLION
in client assets



33,614
client matters



1,732
vehicles



3,145
properties

We were also holding

441,000+

instruments

30,000+

documents and personal items

Performance against Key Objectives

We have four broad objectives that guide our overall strategy of improving outcomes for clients and the people of New South Wales. These broad objectives and a summary of our achievements against them during the year are set out in the following table.

	Objective	Achievements
	Delivering quality customer services	<ul style="list-style-type: none"> answered 86% of calls to our service centres within 3 minutes with an average wait time of 42 seconds provided private managers with Directions and Authorities confirming their authority within 15 days of appointment estate administration teams completed administration of 2,062 estates with an average administration time of 10 months enforcement orders totalling \$5.5 million withdrawn or written off for 1,859 financial management clients.
	Improve financial performance and outcomes	<ul style="list-style-type: none"> achieved above market benchmark returns in cash based investment funds within the NSW TG common fund achieved surplus from operating activities of \$13.37 million. This excluded other gains and losses.
	Improve systems and processes	<ul style="list-style-type: none"> implemented Guardianship and Private Management Module of our new client management system made changes in process to assist in the sale of client real estate that has reduced time on market by approximately 34% introduced revised estate information processes to address issues beneficiaries identified in client satisfaction survey amended the process for sending annual statements to trust clients amended to ensure clients receive statements to enable tax returns to be completed within required timeframe.
	Align staff capabilities to service demands and emerging challenges	<ul style="list-style-type: none"> developed and implemented training strategy to improve capability of front line staff implemented new induction process for all new employees and employees moving into new roles implemented leadership development program.

Our work in 2017-18 supported achievement of the Premier's and State Priorities

The Premier's and State priorities are a series of whole-of-government approaches to tackling important issues for the people of New South Wales. Our work during the year contributed to tackling these important issues in a number of ways.

Premier's Priorities

- improving government services
 - improved overall client satisfaction levels for financially managed clients and private managers by 6.5% and 1.5% respectively
 - implemented Feedback Assist on our external website to ensure people can easily make complaints or provide compliments and suggestions
 - reduced the number of complaints received by 10.6% over 2016-17
 - implemented induction process for private managers
 - launched Pet Emergency Card
 - held plan ahead days across NSW
 - launched Customer Excellence project to emphasise the importance of placing the customer at centre of everything we do
 - rolled out access to NSW TG services across the Service NSW service centre network.
- improving service levels in hospitals
 - the Health Guardianship project reduced the average hospital admission for people waiting for guardianship decisions to be made.

State Priorities

- delivering strong budgets (expenditure growth to be less than revenue growth)
 - our revenue was \$92.87 million – 14.5% over budget
 - our expenditure was \$79.5 million – 5.8% below budget.
- protecting the vulnerable (transitioning to the National Disability Insurance Scheme)
 - ensured guardianship and financial management customers received the support they are entitled to.
- better services (better government digital services)
 - developed specifications for the private manager's portal in consultation with private managers
 - implemented SMS messages for planning ahead appointment reminders, welcome message to new private managers and for notification of changes to payments to clients over the Easter period.

Pet Emergency Card



Service NSW



Feedback assist



About NSW Trustee & Guardian

NSWTG is a statutory agency within the Justice Cluster that supports the Chief Executive Officer of the NSW Trustee and the Public Guardian (PG) to protect the rights, dignity, choices and wishes of the people of New South Wales. We do this by providing independent and impartial financial management, guardianship and trustee services that support clients and help them manage their health, lifestyle and financial affairs. Our services help support and protect some of the most vulnerable members of the NSW community as well as supporting people at vulnerable moments in their life.

Under our governing legislation we may be appointed to act as:

- executor and administrator of deceased estates
- trustee
- financial manager
- guardian
- agent or attorney
- collector of estates
- guardian or receiver of estates of minors
- receiver of any property.

NSWTG also:

- prepares planning ahead documents – Wills, Powers of Attorney, and Enduring Guardian Appointments
- provides information, authorisation and direction to private managers
- provides information and support to private guardians.

NSWTG is also authorised to act as trustee, agent and manager of property under other legislation including:

- *Civil Procedures Act 2005* and the *Uniform Civil Procedures Rules 2005* to hold funds on an 'at call basis' in the NSW Trustee common funds as directed by courts
- *Criminal Assets Recovery Act 1990* and the *Confiscation of Proceeds of Crime Act 1989* to manage restrained or forfeited assets
- *Workers Compensation Act 1987* as trustee for workers compensation death benefits
- *Probate and Administration Act 1898* as nominal title holder of all assets of the

people of New South Wales from the time of their death until grant of probate or administration.

NSWTG also manages victims support payments for people who were either under 18 or could not be located at the time the application for support was granted.

NSWTG was created by the *NSW Trustee and Guardian Act 2009* and commenced operations on 1 July 2009 following the merger of the Public Trustee NSW and the Office of the Protective Commissioner. The Protective Commissioner previously held the position of Public Guardian.

The day to day management of the affairs of NSWTG is the responsibility of the Chief Executive Officer. The Public Guardian is an independent officer under the *Guardianship Act 1987* who reports to the Chief Executive Officer. Guardianship decisions are made independently of decisions in relation to financial management.

We educate the community about the importance of having planning ahead documents in place. We provide advice on relevant government policy and legislation and contribute to law reform. The Public Guardian also advocates for the services and supports needed by clients.

We advocate on behalf of clients in relation to systemic issues to protect and promote their legal rights and to pursue their entitlements. This includes making submissions to government inquiries and reviews which contribute to policy development and law reform.

The Chief Executive Officer is also the Commissioner of Dormant Funds and makes recommendations for approval by the Attorney General of NSW for the application of charitable funds where:

1. the funds have not been used for the purposes for which they were donated
2. it is not practicable to use the fund for those purposes
3. the purposes of the fund cannot be achieved in a reasonable time
4. the purpose of fund is uncertain or cannot be ascertained.

Legislation

Much of the work carried out by NSW TG is dictated by the legal principles established in case law. There is also an extensive range of legislation that enables, supports and governs our role and the services we provide. This includes:

1. *NSW Trustee and Guardian Act 2009*
2. *NSW Trustee and Guardian Regulation 2017*
3. *Guardianship Act 1987*
4. *Guardianship Regulation 2016*
5. *Mental Health Act 2007*
6. *Succession Act 2006*
7. *Probate & Administration Act 1898*
8. *Trustee Act 1925*
9. *Powers of Attorney Act 2003*
10. *Supreme Court Act 1970*
11. *Supreme Court Rules 1970*
12. *Uniform Civil Procedure Rules 2005*
13. *Civil Liability Act 2002*
14. *Civil Procedure Act 2005*
15. *Criminal Assets Recovery Act 1990*
16. *Confiscation of Proceeds of Crime Act 1989*
17. *Dormant Funds Act 1942*
18. *Workers Compensation Act 1987*
19. *Storage Liens Act 1935*
20. *Conveyancing Act 1919.*

In addition, NSW TG is impacted by the general legislation that applies to government agencies including the *Government Information (Public Access) Act 2009*, *Public Finance and Audit Act 1983* and *Public Authorities (Financial Arrangements) Act 1987*.

Our role as a decision maker

Making financial, health and lifestyle decisions for clients at critical moments in their life is one of the main responsibilities of NSW TG.

As financial manager and as guardian we act as substitute decision maker. These decisions have the same effect as if the person had made that decision themselves. In making these decisions we ensure:

- (a) the welfare and interests of the client is given paramount consideration
- (b) the client's freedom of decision and freedom of action is restricted as little as possible
- (c) the client is encouraged, as far as possible, to live a normal life in the community
- (d) the client's views are taken into consideration
- (e) the importance of preserving the family relationships and the cultural and linguistic environments of the client are recognised
- (f) the client is encouraged, as far as possible, to be self-reliant in matters relating to their personal, domestic and financial affairs
- (g) the client is protected from neglect, abuse and exploitation.

Similarly when acting as an attorney, executor, administrator or trustee we have the same responsibilities, rights, liabilities and immunities as a private person acting in that capacity.

Source: *NSW Trustee and Guardian Act 2009* and *Guardianship Act 1987*

Our clients and stakeholders

We deliver services to a variety of clients. Some clients chose to have NSW TG prepare their planning ahead documents or to be their independent executor, trustee or attorney.

For the majority of our clients NSW TG has been appointed by a court or tribunal as their financial manager, guardian or trustee. Appointment of these clients is largely outside the control of NSW TG. Similarly, revocation of financial management and guardianship orders are also, generally the result of tribunal orders.

Another factor impacting appointment of clients by courts and tribunals is the availability of willing and suitable people to be appointed private financial managers and guardians. This affects the proportion of financial management and guardianship clients we manage directly.

We have a large turnover in clients each year. For example, a number of guardianship and financial management orders are time limited to achieve a

specific objective and to provide the least restrictive option for the person under the order. Examples include orders to specifically enable a client to move into an

aged care facility or supported accommodation or to manage the sale of real estate. This means that the number of clients at the end of each year may not reflect the total number of clients we have provided services to throughout the year.

Our primary responsibility is always to the client as established by our governing legislation. However in helping the client manage their financial affairs, health and lifestyle we may only have limited interaction with them. For example, some clients are not capable of having a role in managing their affairs. In these

cases we interact with family, friends, service providers and other people in the person's life to ensure we act in the best interests of the person and, wherever possible reflect their will and preferences. In administering a client's estate our relationship is with their beneficiaries while our responsibility is with the person who appointed us as their executor.

The same client or stakeholder can interact with NSW TG in multiple ways.

For example, a financially managed client may also be under guardianship, a private manager may be the beneficiary of a deceased estate or have used NSW TG to prepare their Will, Power of Attorney or Enduring Guardian documents.

In these cases we ensure that, where appropriate, there is always separation of responsibility for decision making.

Client numbers for the five years to 30 June 2018 are summarised Table 1. All figures are at 30 June each year.

	2014	2015	2016	2017	2018
People who have NSW TG as their financial manager	10,768	10,999	11,152	11,332	11,661
People who have private financial managers	3,600	3,771	3,946	4,256	4,747
People for whom NSW TG fulfils the role of banker	19	16	24	12	22
People who have the Public Guardian as their guardian	1,968	2,074	2,131	2,251	2,413
Deceased estate administration	8,206	8,252	7,619	5,811	5,301
Trusts	6,976	7,822	8,898	8,535	8,446
Civil forfeiture				94	146
Court Investments				642	584
Power of Attorney	417	382	374	330	294
Total Clients at 30 June	31,954	33,316	34,144	33,263	33,614

Table 1 Client Numbers at 30 June

Please note:

1. NSW TG performs the role of banker for a small number of clients with a decision making disability who live in supported accommodation. There is no formal financial management order in place for these clients.
2. Because some clients receive multiple services there is some overlap in the numbers shown in this table.

3. Prior to 2017 civil forfeiture and court investment matters had been included as part of the number of trusts.

Operating in such a complex environment means we have a broad and diverse range of stakeholders across all levels of government, advocacy groups, service groups and the community including:

- beneficiaries of trusts and estates
- private financial managers, private guardians and enduring guardians
- family members, carers, health professionals and service providers involved with clients under financial management or guardianship
- employees
- courts, tribunals and regulatory agencies
- NSW Crime Commission
- Office of the Director of Public Prosecutions
- state and commonwealth departments and agencies including the National Disability Insurance Agency
- Attorney General and Treasurer on behalf of the NSW Government
- peak disability groups
- people of NSW and organisations who represent them
- non-government and professional bodies, such as the NSW Law Society.

Provision of Services

NSWTG is based at the Justice Precinct in Parramatta with a network of offices throughout NSW.

Financial management and trustee services are delivered through specialist service centres in Parramatta and Newcastle. The teams manage estate administration, trust administration, direct financial management, private management and power of attorney matters. Communication with clients is primarily by phone, email and letter. Clients have been provided with a 1300 number and email address to enable them to contact their client service team directly. During 2017-18 our service centres managed an average of just over 30,000 incoming calls per month.

The Client Specialist Centre in central Sydney provides face to face services for clients requiring more intensive management of their affairs including payment of allowances in cash.

NSWTG's branch network focuses on drafting Wills, Powers of Attorney and Enduring Guardian documents. They also deliver community education on the importance of planning ahead documents and build local stakeholder networks. These services are delivered within the branches and through outreach activities across metropolitan, regional and remote areas of NSW. Some branches also manage estate, trust and power of attorney matters.

Guardianship services are delivered from branches in Parramatta, Gosford and Sydney city.

NSWTG has an agreement with Service NSW to provide clients and the people of New South Wales additional access points for our services. Under this agreement Service NSW:

- answers general queries from clients and members of the public
- assists NSW TG clients to contact their Client Service Team
- provides a document drop off service and accepts preplanning documents to be placed in the Will Safe
- witnesses Wills prepared by NSW TG employees.

General information is also available on the Service NSW website with links to the relevant sections of the NSW TG website.

Additionally, the Registrar of the Local Court acts as an agent for some services.

Access and Contact

Head Office

Level 7
Justice Precinct Offices
160 Marsden Street, Parramatta NSW
Locked Bag 5115, Parramatta NSW 2124

Phone: 02 8688 2600

Email: tagmail@tag.nsw.gov.au

Website: tag.nsw.gov.au

Business Hours

9am to 5pm Monday to Friday (excluding public holidays).

An out of hours emergency service is provided for urgent medical decisions for guardianship clients.

General Contact Details for individual services

Phone: 1300 364 103 planning ahead, estates, trusts and power of attorney

1300 320 320 - financial management

1800 451 510 - guardianship

Email: tagmail@tag.nsw.gov.au
informationsupport@opg.nsw.gov.au - guardianship

Contact Assistance

For people who are deaf or have a hearing or speech impairment:

Contact us through the National Relay Service and give the NSW Trustee & Guardian number you want to call.

For people that require translation and interpreting services:

Call the Translating and Interpreting Service on 131 450. Tell them what language you speak and they will connect you to an interpreter who speaks your language. The interpreter will be on the phone when you are put through to NSW TG.

Information and Resources

Our resources are available in multiple languages. These can be downloaded from our website or by contacting NSW TG for a copy to be sent to you.

Our Locations

We have locations across metropolitan, regional and remote areas of New South Wales. These locations are in figure 1.



Figure 1 NSW TG locations

Review of Operations

Overview of Services

NSWTG is a not-for-profit predominantly self-funded agency with revenue generated from fees charged to clients and interest received on investments. The revenue received from fees charged to clients is supplemented by a community service obligation payment related to our social programs and non-commercial activities. Services provided by the Public Guardian are funded by a government grant.

We have a mandate to operate our planning ahead/instrument drafting, executor, trustee and power of attorney services on a largely commercial basis. Other services such as financial management are more highly regulated and intended to protect vulnerable members of the community.

Drafting Wills, Powers of Attorney and Enduring Guardian documents

NSWTG drafts Wills, Powers of Attorney and Enduring Guardian documents for people throughout NSW. These documents enable clients to set out who they want to receive their assets when they die, appoint someone to manage their assets and financial affairs on their behalf or to make health and lifestyle decisions when they are not capable of doing that themselves.

This service is provided from NSWTG’s branch network and at Plan Ahead days held throughout metropolitan, regional and remote areas of the state. A map showing where some Plan Ahead days were held during 2017-18 is shown in figure 2.



Figure 2 Recent plan ahead days

NSWTG charges clients for preparing Wills and Power of Attorney documents. A lower fee is charged for existing clients updating their Will and Power of Attorney documents when their circumstances or intentions change.

Enduring Guardian documents are prepared and updated at no cost to clients.

During 2017-18 NSWTG drafted and executed 13,302 Wills, Powers of Attorney and Enduring Guardian documents. This was an increase of 74% on the 7,627 documents drafted in 2016-17 and 9% on the number drafted in 2015-16.

The large increase from 2016-17 is due to a recovery from the anticipated decrease in that year as a result of the introduction of a fee for preparation of Wills and Power of Attorney documents on 1 July 2016. A comparison of the previous three years is shown in the following graph.

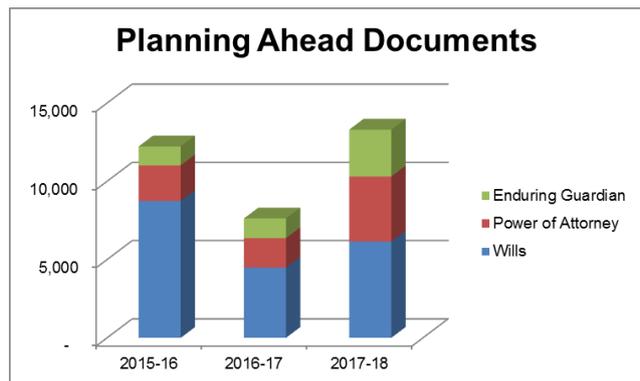


Figure 3 Planning ahead documents

The graph also shows that Powers of Attorney and Enduring Guardian documents represent an increasing proportion of the documents we prepare each year. This is an indication of increasing awareness of the benefits of these documents and an increasing demand for members of the public to have them in place as part of their planning ahead.

Clients can choose who they want to appoint as their executor and attorney. Appointing NSWTG as their executor or attorney or as their substitute executor and attorney is one of the choices available to clients.

In 2017-18 56% of clients making wills appointed NSWTG as sole or substitute executor. The remaining clients appointed someone other than NSWTG.

Storage of Instruments

NSWTG provides free secure storage of Wills, Power of Attorney and Enduring Guardian documents for clients who appoint NSWTG as their executor or attorney.

NSWTG also provides secure storage of Wills, Power of Attorney and Enduring Guardian documents for members of the community who appointed someone other than NSWTG as their executor or attorney. This service is provided for a small fee.

At 30 June 2018 NSWTG held over 441,000 Wills, Power of Attorney and Enduring Guardian documents in secure storage.

Subsidies for people with limited income or assets

Clients eligible for the full-rate Centrelink Age Pension are fully subsidised to have a Will or Power of Attorney in place. These clients are also eligible to one free update of their Will and Power of Attorney each year.

During 2017-18 subsidies for Wills and Power Of Attorney documents totalling \$845,000 were provided to over 3,200 people.

Financial Management Services

A financial manager is someone who is legally authorised to make financial and legal decisions on behalf of a person who is not capable of managing their affairs. A financial manager can make decisions about any aspect of the person's financial affairs (unless a part of the person's estate has been excluded from management).

A financial manager is usually only appointed where someone has not appointed an enduring power of attorney or where the Guardianship Division of NSW Civil and Administration Tribunal (NCAT) is asked to review the actions

of an existing power of attorney. NSWTG is appointed as manager of last resort when there is no one available or suitable to perform that role.

Profile of Financial Management and Guardianship Clients

Financial Management and Guardianship clients are mainly located within New South Wales. A small number of clients are located interstate or overseas. The following map shows the spread of financial management and guardianship clients throughout New South Wales.

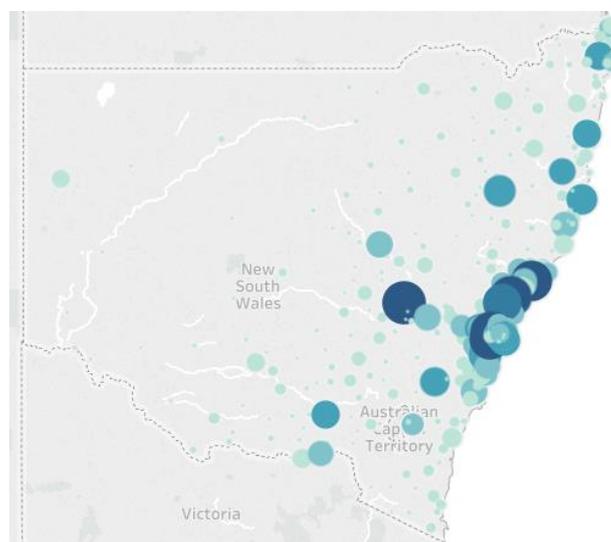


Figure 4 Financial management and guardianship clients across New South Wales

The following charts provide a comparison of the disability profile for clients where NSWTG is the either the financial manager or guardian.

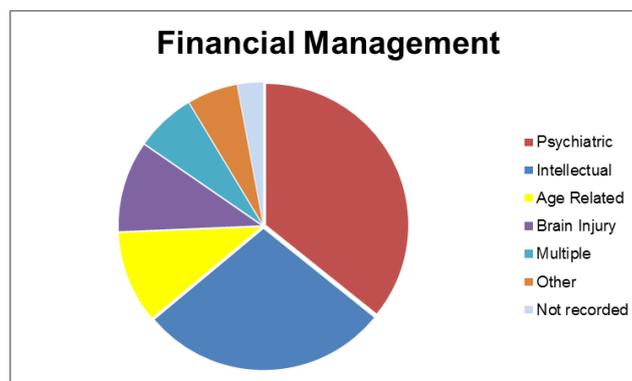


Figure 5 Disability profile financial management clients

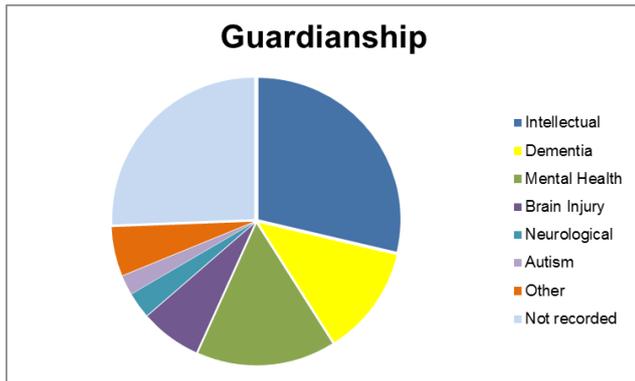


Figure 6 Disability Profile guardianship clients

The largest disability categories are intellectual, psychiatric/mental health and age related/dementia which between them represent 74% of financial management clients and 61% of guardianship clients.

A summary of the number of people under a financial management order for the five years to 30 June 2018 is shown in the table on page 18. Over this period the overall number of people under financial management has increased by 14.2%. The majority of this is the result of an increase in people under financial management who have a private financial manager appointed.

The following table shows the number of new financial management clients. In 2017-18 the number of new clients increased by 23.6%. Financial management orders appointing a private manager represented the majority of new appointments.

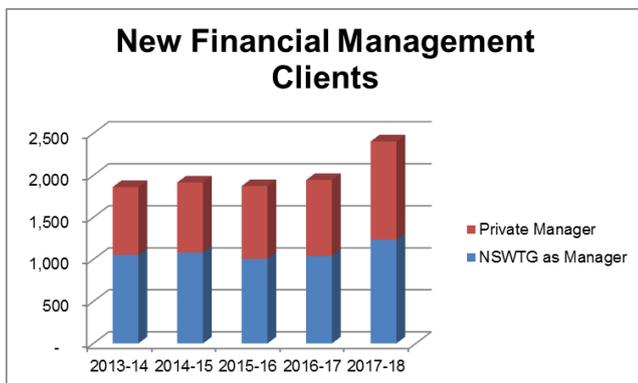


Figure 7 New financial management clients

At 30 June 2018 there was an additional 768 financial management clients whose matters were being finalised. This could be clients where the order has been discharged or a private manager appointed and NSWTG is in the process of returning the funds to the client

or to the private manager. It also includes clients who are deceased where money is being held pending payment to their estate.

Fees for financial management services and subsidies for people with low income and assets

Fees for financial management services are charged in accordance with the NSW Trustee & Guardian Regulation 2017.

The NSW Government subsidises the establishment fee and monthly account keeping fee for financial management clients with less than \$75,000 in assets (excluding their principal place of residence). Clients with less than \$25,000 (excluding their principal place of residence) are fully subsidised. These subsidies totalled \$3.3 million in 2017-18.

Management by NSWTG

As Financial Manager NSWTG secures and collects income and entitlements owing to the client, pays the client's expenses and debts, ensures assets and investments are secured and insured, informs relevant authorities such as Centrelink and the Department of Veterans' Affairs of changes in the client's circumstances and lodges tax returns on the client's behalf.

We prepare a budget for clients each year based on their personal circumstances. The budget is intended to ensure fixed expenses (such as rent, electricity and telephone) and other expenses such as personal allowances, clothing and entertainment are met from their yearly income and that, where possible, they do not rely on accessing any savings or asset capital. NSWTG seeks input from the client, family and other significant people in the client's life in developing the budget. As at 30 June 2018, 89% of clients under management had a current budget in place.

Text message communications to clients were introduced to provide a faster and more cost effective channel of communication.

In the lead up to Easter, Financial Management clients who have a mobile phone were advised about the changes in payment dates that result from public holidays. In the past, NSWTG has posted hard copy letters to these clients. Clients

could also request further information about the payments by text.

For Private Managers, welcome text messages have been introduced for those commencing in their role. The welcome message includes the client service team contact number which the client can save directly into their phone contact list or alternatively dial directly from the text message. The welcome text also includes the due date of their manager's plan. This date can be clicked on to create an appointment reminder in a calendar, making it easier for clients to keep track of important dates.

Text message reminders were also introduced for planning ahead appointments reducing the number of clients who did not attend their appointment as well as providing the opportunity for replacement appointments to be scheduled.

Private Management

A private manager is a person who has been appointed to manage the financial affairs of a person not capable of doing that themselves. A private manager may be a spouse, other family member or friend of the person. A trustee company, a solicitor or an accountant can also be appointed as a private manager.

Private Managers can be appointed by the Supreme Court of NSW or the Guardianship Division, NCAT.

NSWTG's role is to oversee private managers by providing authorisation and direction. This includes setting out their specific obligations in relation to the person under management (for example providing annual accounts to NSWTCG) and the specific financial actions the manager has the authority to perform on their behalf. During 2017-18 NSWTCG issued all Directions and Authorities to new financial managers within 15 days of appointment.

Private Managers are free to make decisions in the best interest of the person under management within the limit of the directions and authority from NSWTCG. Any decisions outside that authority need to be referred to NSWTCG for approval.

Private Managers are required to submit a manager's plan within two months of their appointment. The plan provides an overview of the person's estate including forecast income and expenditure. Managers are required to submit accounts and supporting documentation each year.

During 2017-18 NSWTCG implemented an induction phase for new private managers. New private managers receive an induction phone call to explain their role and what their first actions need to be as managers. Managers also receive a call in advance of the lodgement of the first set out of accounts to assist them with the process and what is required.

These changes were in response to feedback received from private managers during 2016-17 that they would have benefitted from more support and personalised service when they were first appointed.

NSWTG also reviewed correspondence sent to private managers to simplify the language through use of plain English. Forms were also reviewed and updated.

These changes have seen an increase in the number of private managers submitting manager's plans and annual accounts. As at 30 June 2018, 85% of private managers were submitting plans and annual accounts in the required time frame. By comparison, in October 2017 43% of managers were submitting the documents.

NSWTG reviews the annual accounts submitted by private managers on a regular basis. Approximately 97% of the accounts examined during 2017-18 were passed on the basis the accounts showed the person's financial affairs were being managed appropriately.

Guardianship

A guardian is someone who is legally authorised under the *Guardianship Act 1987* to make personal or lifestyle decisions on behalf of a person with a decision-making disability.

The guardian can be authorised to make decisions such as:

- where the person should live
- what support services the person should use
- what healthcare and medical treatment the person should receive
- whether restrictive practices are appropriate in the management of the person's behaviour.

A guardian is usually only appointed where someone has not appointed an enduring guardian or where NCAT has been asked to review the actions of an existing enduring guardian.

The Public Guardian is the 'guardian of last resort' and will only be appointed if a suitable private guardian - usually a family member or friend of the person who is willing to take on the role - cannot be identified.

There are no fees charged for guardianship services.

Providing multiple services to clients

Marika is a 67 year old woman who had been living rough for several years. Marika was admitted to hospital after one of her friends found her unable to talk or walk. After admission it was found Marika had suffered a stroke.

Hospital staff, as part of the Health Guardianship Project, made an application to NCAT for Marika to have a guardian and financial manager appointed. NCAT appointed NSWTG as her financial manager and as her guardian. This was because Marika did not have family or friends who were able to perform these roles for her. A Hospital social worker alerted NSWTG to the fact that Marika did not have identification, a Medicare card or Centrelink client reference number. These were needed to get Marika the long term support and accommodation she needed.

NSWTG's financial management staff registered Marika with Medicare and Centrelink. They also applied for a Disability Support Pension which has now been granted providing Marika with a regular income stream.

Guardians worked with Marika and the

hospital team to understand what was important to Marika in terms of her long term needs. Marika told the guardians she did not want to live on the streets anymore as she felt anxious returning with her current health issues. The hospital team has also recommended the level of support Marika requires.

The NSWTG's guardians and the hospital team are currently working together to find accommodation that will meet Marika's needs.

Public Guardian

A summary of the number of clients of the Public Guardian is shown on page 18. As at 30 June 2018 the Public Guardian had been appointed guardian for 2,413 people. Over the last five years the number of people for whom the Public Guardian was appointed increased by 22.6%. This increase can generally be attributed to the aging population.

There were 852 new orders made during 2017-18. A summary of the new orders made for the last three years is shown in table 2.

Year	New Orders
2017-18	852
2016-17	858
2015-16	967

Table 2 New guardianship clients

Over the course of 2017-18 there was a total of 3,172 people represented by the Public Guardian. This includes people who were placed under guardianship for a limited amount of time to achieve a specific objective (for example, to enable a client to move into supported accommodation or an aged care facility) or where the order was discharged or a private guardian appointed.

When the Public Guardian is appointed as guardian they establish what is happening in the person's life, what kinds of decisions need to be made and, where possible, ascertain the person's will and preferences. This involves talking to the person and the important people in their life.

The Public Guardian's role is to make decisions about a person's health and lifestyle within the specific functions included in the guardianship order. This includes major decisions about a where a person will live, the services they receive (including authorisation for people to enter the NDIS and the services they receive through their NDIS plan), healthcare, access and providing authorisation of restrictive practices.

In making these decisions the Public Guardian gives paramount consideration to the person's welfare and interests as well as protecting them from neglect, abuse and exploitation.

They also:

- advocate for their preferences to be resourced and realised
- maximise their social, health, cultural wellbeing, and freedom of action and decision
- identify and manage risks.

Number of major decisions

A summary of the number of decisions made by the Public Guardian for the four years to 30 June 2018 is shown in figure 8. Over this period the number of major decisions made by the Public Guardian has increased by 93.4%.

The number of decisions relating to services has increased by 333%. This is largely due to people under guardianship transitioning to the NDIS. In making these decisions guardians consent to clients entering the NDIS, and participate in the planning process to advocate for the services the client receives through their NDIS plan.

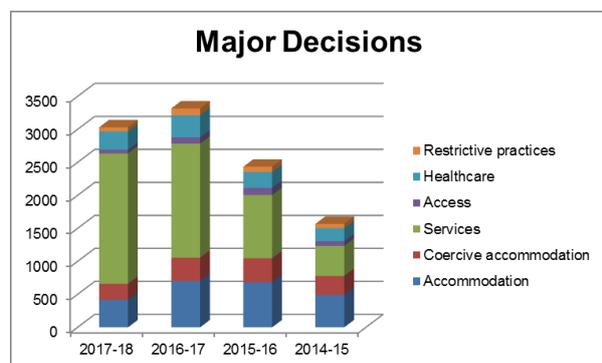


Figure 8 Major decisions for guardianship clients

The Initial Hearing Team

The Initial Hearing Team (IHT) is a small team of guardians who participate in as many initial guardianship hearings in the Guardianship Division of NCAT as possible.

Their role is to:

- provide information to families, service providers and Tribunal members about the role and function of the Public Guardian
- provide advice when a person with disability may benefit from a guardianship order, or when alternative options to guardianship may be more appropriate
- develop the relationship between the Public Guardian and NCAT.

The IHT has been in place for over three years. During that time the IHT has helped promote alternatives to the appointment of the Public Guardian. This includes helping family members and friends to understand the role of a private guardian, the role of the person responsible, or to understand where a person could be supported to make decisions.

Support for private and enduring guardians

A private guardian is usually a family member or friend of the person who is willing to take on the role of guardian. At 30 June 2018 there were approximately 2,900 private guardians appointed under a guardianship order.

An enduring guardian is a person someone appoints to make personal or lifestyle decisions on their behalf in the event they lose the capacity to make those decisions themselves.

The Public Guardian offers information, support and guidance to private and enduring guardians through the Private Guardian Support Unit (PGSU). The PGSU helps guardians understand their legal role and responsibilities under the *Guardianship Act 1987* and the extent of their decision making authority. The service helps guardians navigate the systems which support the people they represent, such as the NDIS, health system and aged care services.

The PGSU provides support over the phone and via email and provides resources that help guardians in their role. In some cases the

PGSU will also meet with the guardian or attend meetings and guardianship hearings with them.

The PGSU also produces *Onguard* – a newsletter that provides updates and advice for private and enduring guardians.

Deceased Estates

NSWTG administers estates as executor (where it is appointed under a Will) or as the appointed administrator of an estate where the person died without a Will or left a Will but did not appoint an executor. NSW TG can administer estates where the executor named in the Will cannot or does not want to carry out their role.

NSWTG obtains administration, identifies, secures and, where appropriate, realises assets. NSW TG then distributes the proceeds of the estate or transfers the assets to the beneficiaries in accordance with the terms of the Will. If there is no Will, the estate is distributed in accordance with the laws of intestacy.

During 2017-18 NSW TG obtained administration of 1,420 estates with an approximate value of \$712 million. Of these estates the average value of estates under grant of administration increased from \$675,823 in 2016–17 to \$746,703 in 2017–18.

NSWTG completed administration of 2,062 estates during 2017-18. The average time taken to complete administration of these estates was 10 months.

NSWTG also administered 224 smaller estates that did not require formal administration, transferring property to the surviving joint tenant and arranging funerals where no-one else was available.

NSWTG receives funding from the NSW Government for managing low value estates as part of its overall community service obligation funding.

At 30 June 2018 NSW TG had 5,301 estates on hand with an estimated administration value of approximately \$2.2 billion. These were made up of:

- 1,939 estates under active administration to realise assets, identify beneficiaries and distribute the estate
- 1,445 estates relating to testamentary trusts established to manage rights of residence, life interests, amounts being held for minor beneficiaries or other long term trusts
- The remaining 1,917 matters relate to estates where:
 - small residual balances were being finalised for payment
 - a provision had been retained pending confirmation of the final tax liability for the estate
 - the estate includes assets that NSW TG had not been able to realise to 30 June 2018. These assets include companies in liquidation and/or remote properties with no legal right of access
 - next of kin searches were being conducted to identify and/or locate beneficiaries
 - where NSW TG has exhausted all avenues available (based on the value of the estate) to identify and locate beneficiaries or is unable to distribute the funds to the beneficiary. These amounts will be paid to the NSW Government as unclaimed money
 - NSW TG's genealogy research has established there is no-one entitled to the estate. These matters will be paid to the NSW Government as *bona vacantia* ("ownerless goods").

Trusts

Trusts can be created by individuals, organisations or government agencies. They can be created by a Will, deed or court order. NSWTG's role is to ensure the trust funds are used in accordance with the terms of the trust, for example, a child's maintenance, education and benefit.

During 2017-18 NSWTG received 1,148 new trusts with a value of \$52.3 million. 1,053 (92%) of these trusts were either damages trusts or victims support payments.

As at 30 June 2018 NSWTG was managing 8,449 trusts worth approximately \$521 million. These trusts were made up of:

- 7,447 damages trusts awarded by courts and victims support payments paid to minors, people not capable of managing the payment or people that could not be located by Victims Services at the time the application for payment was approved
- 426 workers compensation trusts payable to people under 18
- 576 trusts where:
 - NSWTG has been appointed trustee by deed
 - the original trustee did not wish to continue in their role
 - funds held for the benefit of an organisation or association
 - funds held under legislation
 - where a court has appointed NSWTG to hold the assets of a protected person on trust.

Powers of Attorney

NSWTG's Power of Attorney services enable clients to appoint NSWTG as their attorney to manage their assets and financial affairs on their behalf. Clients can choose the level of assistance they require and can appoint NSWTG on a short term or on-going basis. Clients can also appoint NSWTG as their Enduring Power of Attorney which can be activated in the future if they lose the capacity to manage their financial affairs.

This year NSWTG received 52 new matters with a value \$3 million. As at 30 June 2018 we were managing the financial affairs of 294 clients under Powers of Attorney with an approximate value of \$91 million. NSWTG is acting as Enduring Power of Attorney for 260 of these clients.

Civil Forfeiture

NSWTG manages forfeiture of seized and confiscated assets under the *Criminal Assets Recovery Act 1990* and *Confiscation of Proceeds of Crime Act 1989*.

In providing this service NSWTG manages a wide range of assets from real estate, cash, bullion, jewellery, motor vehicles, luxury items, wine collections, boats and livestock. These assets are either secured, sold immediately or managed until further court orders are issued. Managing these matters involves close liaison with the Director of Public Prosecutions, NSW Crime Commission and the Law Enforcement Conduct Commission to ensure orders are implemented promptly.

Fees for civil forfeiture matters are charged in accordance with the Criminal Assets Recovery Regulation 2017 and Confiscation of Proceeds of Crime Regulation 2017 and deducted before the proceeds are paid to NSW Treasury.

During 2017-18 NSWTG paid \$15.3 million (net of NSWTG's fees) to NSW Treasury from the proceeds of the sale of seized and confiscated assets. At 30 June 2018 NSWTG was managing 146 civil forfeiture matters worth approximately \$11.4 million. This represents an increase of 55% in the number of civil forfeiture matters at 30 June 2017.

In the three years to 30 June 2018, NSWTG has paid \$40 million to NSW Treasury from the proceeds of seized and confiscated assets.

Court Investments¹

NSWTG holds matters paid into court under the Uniform Civil Procedure Rules 2005. These amounts are invested in cash and cash equivalent funds in the NSWTG Common Fund and returned to the court as instructed.

At 30 June 2018 NSWTG was holding \$102 million in the common fund on behalf of courts in 584 matters.

Dormant Funds

The Chief Executive Officer of NSWTG is the Commissioner of Dormant Funds. The Commissioner's role is to make recommendations to the Attorney General for dealing with funds relating to charitable purposes or purposes of a public character that have become dormant.

At 30 June 2018 there were seven dormant funds matters worth \$754,951 in progress. There were no matters finalised during 2017-18.

Property Services

NSWTG's Property team provides a range of services for clients in relation to management of their property and personal effects.

The team manages client properties including sales and purchase, ongoing maintenance, ensuring properties are appropriately insured and the premiums paid, rental income is received and securing of properties for new clients. They ensure client personal items are collected, logged and stored securely and, where necessary, sold. For financial management clients they manage sales, purchase, insurance, registration and maintenance of vehicles.

During 2017-18 our property team managed:

- 708 property sales, 445 for estate administration, trust and power of attorney matters and 263 for financial management clients

- 39 property purchases
- 850 sales, purchase or transfer of vehicles
- 785 construction, renovation, repairs, maintenance and inspection tasks
- 945 tasks to search and secure client properties, obtain sales and leasing reports, complete inventories and dispose of contents
- 2,737 insurance renewals and claims.

The 708 property sales during 2017-18 represents an increase of 69% on the 418 properties sold in 2016-17. Process changes during this period have helped reduce the time from tender to settlement when selling client properties by approximately 34%.

At 30 June 2018 NSWTG was managing a portfolio of 3,145 properties and 1,732 vehicles for clients either on an ongoing basis or pending sale or transfer. NSWTG also had approx. 30,000 documents and other personal items securely stored for clients.

Financial Planning Services

Our financial planners prepare financial plans (Statements of Advice) for the investment of clients' assets to suit their needs and with the least investment risk. They consult the client, their family, guardian, or other stakeholders ensuring we understand their circumstances, needs and aspirations. This enables the planners to develop a financial plan tailored to the client's personal circumstances and provide a better outcome with the available financial resources (income and assets).

The financial planning team operate in compliance with the Australian & Securities Investment Commission (ASIC) and the Financial Planning Association of Australia's best practice. The team has specialist knowledge particularly in superannuation and aged care.

During 2017-2018 our financial planners:

- developed 1,074 financial plans and 754 records of advice for financially managed clients
- performed 3,798 investment reviews for trustee clients.

¹ Court Investments were reported as part of Trusts in previous years.

Benefits, Child Support Payments, Medicare, Health, Personal and life insurances

NSWTG manages pensions received from Centrelink, Department of Veterans Affairs and overseas providers for over 9,600 financial management clients. The Benefits team reviews pensions each year to ensure clients receive their correct entitlements. Additional reviews are conducted when client circumstances change or there are significant variations in the pension received.

Medicare is managed and claims made for all clients. The team also ensures premiums for private health cover and life insurances are paid and private health insurance claims made. Total and permanent disability and income protection insurances are investigated and where appropriate claims are lodged on behalf of clients.

Taxation Services

NSWTG's Taxation team has specialist knowledge in the taxation of individuals, minors, deceased estates, testamentary trusts and businesses. It deals with a wide range of taxation issues including complex Capital Gains Tax calculations, GST calculations on commercial property sales, superannuation lump sum receipts and rental properties. The team includes licenced taxation agents who oversee the work of other members of the team. During 2017-18 our taxation team:

- prepared 6,662 taxation returns for estates, trusts, financially managed clients and power of attorney clients. These returns were lodged on time
- provided 3,557 tax clearances enabling money from deceased estates and trusts to be paid to the beneficiaries while ensuring funds were retained to meet estimated tax liabilities.

The Taxation team also completes Business Activity Statements on behalf of clients.

Genealogy

NSWTG undertakes next of kin searches in Australia and overseas to identify and locate

relatives of the deceased who are entitled to a share of their intestate estate. Research is also undertaken for beneficiaries named in a Will who are missing or for persons falling within a class of beneficiaries described in a Will. Entitlements to an intestate estate are typically established using 'certificate evidence' (birth, death and marriage certificates). Where this is not possible secondary evidence such as immigration and burial records may be considered, though each case is unique and entitlements must be satisfactorily proved.

Once entitled beneficiaries have been identified and located, the money from the estate is distributed to them. In some cases, genealogical research will establish there is no one entitled to a share of the estate according to the intestacy laws of NSW. Funds from these estates are described as *bona vacantia* and are paid to the State.

In other cases entitlement cannot be established because of a lack of certificate evidence, their paternity is not known, a person has disappeared or their living status is not known. Where this is the case an application is made to the Supreme Court of New South Wales for determination.

During 2017-18 our Genealogy Unit:

- commenced research on 153 matters and completed research for 94 matters
- determined payment of \$3.2 million as *bona vacantia* where research found no relevant next of kin had survived the deceased.

As at 30 June 2018 the Genealogy team had 656 matters where research to establish entitlement was ongoing.

Legal Services

The Legal Services team provides legal services to clients and the organisation. They also manage the outsourcing of services to external legal providers.

The team has a high level of expertise in the following areas of law:

- trustee matters – trust law, Wills and succession law

- personal matters - family law, industrial and employment, criminal, personal injury and victim support claims
- property and financial matters - business and commercial, asset recovery, claim and debt matters, vacant possession and property matters.

The team also has expertise in legal costs, foreign jurisdiction matters, protective jurisdiction work and appearing on behalf of clients and NSWTG in the various divisions of NCAT.

External legal providers are sourced from our panel of approved legal service providers. Service providers are appointed to the panel for specific areas of law. All work outsourced to these providers is overseen by NSWTG.

The team manages requests under the *Dormant Funds Act 1942* and matters involving deceased estates under the *Probate and Administration Act 1898*.

During 2017–18, the Legal Services team received 687 new matters. The majority of this work was litigation. It also included advice work and approval of complex distributions of deceased estates and trusts by confirming the distribution was accurate and consistent with the terms of the will or trust. At 30 June 2018, there were 1,440 matters on hand.

Disability Advocacy

Our Disability Advocacy Unit (DAU) supports NSWTG to engage effectively and appropriately with people with disability. It provides policy advice, training, support and guidance to our staff when dealing with clients with disability.

DAU also coordinates the provision of external disability expertise and advice for clients including the management of the Authorised Visitor program and is the lead for all complex and systemic issues in relation to the National Disability Insurance Scheme (NDIS). The Unit also engages with stakeholders on disability issues, service systems and client needs to inform decision making.

In 2017-18 the unit:

- renewed the Authorised Visitor panel contractors
- reviewed and updated relevant policies
- developed and presented training, in consultation with the NDIA to NSWTG staff, NDIS planners, Local Area Coordinators and Support Coordinators
- collaborated with the Departments of Family & Community Services, Premier & Cabinet and Justice and the NDIA on NDIS-related issues through working groups and steering committees
- provided support and assistance to NSWTG Service Delivery staff to help them manage systemic issues that impact clients. For example issues arising from Assisted Boarding Houses, sanctions placed on individual Aged Care Facilities and NDIS related issues.

NSWTG's Authorised Visitor program

Our Authorised Visitors are qualified and experienced professionals who are independent of NSWTG.

They provide a comprehensive assessment of a client's living environment, quality of life, social interactions and health status as well as an understanding of their needs, wishes and the nature of their disability. This information enables the client's wishes, access to services and entitlements to be addressed in the context of their financial resources.

Client Assets Under Management and Financial Transactions for Clients

One of NSWTG's main responsibilities is to secure and manage client assets. These assets include funds invested in the NSWTG common funds, real estate, vehicles, bank accounts, shares and other investments and personal property.

At 30 June 2018 NSWTG was managing \$5.9 billion in client assets, an increase of 8.8% on the client assets held at 30 June 2017. A summary of the client assets under management is shown in Table 3.

	Direct Fin Mgt \$'000	Private Mgt \$'000	Estates \$'000	Trusts \$'000	POA \$'000	Other \$'000	Total Client Assets \$'000	Annual Report Fin statmt
Common Funds								
Financial Management	1,441,989	73,876	53,431	86,983	14,250		1,670,529	1,670,529
Trustee			649,129	542,648	61,439	12,309	1,265,525	1,284,260
Common Fund Total	1,441,989	73,876	702,560	629,631	75,689	12,309	2,936,054	2,954,789
Client Assets Outside Common Funds	2,378,866		484,636	41,942	51,298		2,956,742	
Less estimated trustee client liabilities (client payables)			(19,959)	(723)	(905)		(21,587)	
Total	3,820,855	73,876	1,167,237	670,850	126,082	12,309	5,871,209	

Table 3 Client assets under management

The total assets are shown net of estimated client liabilities. These liabilities are an estimate of amounts to be paid from client funds in estate, trust and power of attorney matters.

NSWTG Common Funds

The *NSW Trustee and Guardian Act 2009* directs NSWTG to operate common funds for investment of client funds. NSWTG

currently operates two common funds – the financial management and trustee common funds.

The financial management common fund includes funds invested for clients where NSWTG has been appointed as financial manager as well as some funds invested for trustee clients. Private

managers can also elect to invest client funds in the financial management common fund.

The common fund for trustee clients includes funds invested for deceased estate, trust, power of attorney, civil forfeiture and for amounts held on behalf of courts.

The common funds are made up of 10 diversified investment funds. NSWTG manages amounts invested in bank accounts, term deposits and other similar investments. Over the year this represents approximately 43% of all client funds invested in the common funds. The remainder of the investment fund assets are holdings in unit trusts managed by Blackrock Investment Management Australia (Blackrock).

Most of the unit trusts aim to track the returns on major financial markets. This approach enables the funds to provide returns to clients close to the financial markets whilst

saving on costs that would be associated with investment research and selection.

JP Morgan is custodian of the assets held in the NSWTG common funds. This function involves safekeeping of fund assets, fund accounting, fund unit pricing, investment performance reporting and retail unit registry functions.

Investment Fund	Fin Mgt \$'000	Private Mgt \$'000	Estate \$'000	Trusts \$'000	POA \$'000	Other \$'000	Total \$'000	Client Return*	Bench mark Return*
Financial Management Common Fund									
Access Fund	596,314	44,360					640,674	2.18%	1.78%
Australian Cash	177,345	9,572					186,917	2.15%	1.78%
Australian Cash Plus	96,885	2,051	28,321	48,617	10,165		186,039	2.28%	1.78%
Australian Fixed Interest	37,074	1,088	25,110	38,366	4,085		105,723	2.98%	3.09%
Australian Shares	291,167	9,348					300,515	12.97%	13.24%
Australian Listed Property Securities	70,463	1,960					72,423	12.81%	13.20%
International Bond	4,619	200					4,819	1.61%	1.85%
International Shares	168,122	5,297					173,419	12.25%	12.29%
	1,441,989	73,876	53,431	86,983	14,250	-	1,670,529		
Trustee Common Fund									
Primary			570,894	384,837	56,662	12,309	1,024,702	2.33%	1.78%
Growth			84,321	170,088	5,149		259,558	13.61%	13.94%
	-	-	655,215	554,925	61,811	12,309	1,284,260		
Total	1,441,989	73,876	708,646	641,908	76,061	12,309	2,954,789		

Table 4 NSWTG common fund

An Independent Investment Advisory Committee provides specialist investment advice to the CEO to assist in management and oversight of the NSWTC common funds.

Performance of the common funds is measured against the financial market net of NSWTC's investment management fee of 0.1%.

At 30 June 2018, \$2.9 billion of client funds was invested in the common funds. During 2017-18 the Australian cash based investment funds exceeded or equalled benchmark returns. The other funds were either equal to or within 0.3% of the benchmark. There may be variances in individual client returns depending upon the client's entry date into the fund and any new applications or redemptions during the financial year.

Table 4 shows the amount invested in the common fund and the allocation to the individual investment funds. It also shows the returns achieved over the last year and a comparison with a benchmark return which is the financial market performance after an allowance for NSWTC's investment management fee.

Financial Management Common Fund

The financial management common fund consists of eight diversified investment funds. The amounts invested in the funds are predominantly owned by clients under a financial management order whose financial affairs are directly managed by NSWTC. They also include smaller amounts owned by clients whose affairs are managed by a private manager. Estate, trust and power of attorney clients also have funds invested in the Australian Cash Plus and Australian Fixed Interest funds.

In investing client funds NSWTC seeks to avoid adverse effects from any short to medium term financial market volatility wherever possible. To achieve this three or more years of planned client living expenses are held in funds focussed on cash and fixed interest. The capital security of these funds helps ensure that client's short and medium term living expenses can be met in full. The balance is invested in growth asset funds to provide for the longer term needs of the client.

At 30 June 2018 there was \$1.7 billion of client funds invested in this fund.

Trustee Common Fund

The trustee common fund represents monies from client matters arising from NSWTC's role as executor, trustee or attorney as well as amounts invested under civil forfeiture matters and investments on behalf of courts. The fund is made up of two investment funds - the Primary and Growth portfolios.

Client monies are initially placed in the Primary portfolio which invests in wholesale money market-based unit trust as well as cash deposits, short-term money market securities and term deposits.

Investment plans are prepared for each trustee client and, when exposure to growth assets is required, monies are transferred to the Growth Portfolio which invests in a blend of Australian and international companies, tracking the returns on major financial markets. The objective of the fund is to achieve capital growth over the medium to long term that well exceeds inflation.

At 30 June 2018, \$1.3 billion of client funds was invested in the trustee common fund. During 2017-18 the Primary portfolio exceeded benchmark returns by 0.55%. The Growth portfolio was below the benchmark by 0.33%. Both returns are after an allowance for NSWTC's investment management fee.

Financial Statements and Auditing of the NSWTC Common Funds

The client assets held in the NSWTC common funds are reported separately in the financial statements of the NSWTC – Common Funds.

The common funds and financial statements are audited by the Audit Office of New South Wales each year.

Client Assets Outside the Common Funds

One of NSWTG's key roles in helping clients manage their financial affairs is to ensure their assets are secured and cannot be accessed, sold or transferred without NSWTG's consent.

Client assets outside the common fund include real estate, motor vehicles, boats, caravans, shares, bank accounts, term deposits, loans, mortgages, other investments and personal property.

Table 5 shows a breakdown of the confirmed client assets at 30 June 2018 being managed by NSWTG or being held pending realisation (sale) or transfer to the beneficiary.

Asset Category	Fin Mgt \$'000	Private Mgt \$'000	Estate \$'000	Trusts \$'000	POA \$'000	Other \$'000	Total \$'000
Real Estate	1,443,985		357,438	32,470	17,126		1,851,019
Investments	665,160		95,394	574	18,952		780,080
Mortgages				701			701
Other General Assets	269,721						269,721
Other personal property			31,804	8,197	15,220		55,221
Total	2,378,866		484,636	41,942	51,298		2,956,742

Table 5 Client assets outside the common fund

Financial Transactions for Clients

In 2017-18 NSWTG processed just over two million transactions totalling \$3.3 billion for clients. This includes:

- payment of bills and allowances for clients
- receipt of income, pensions and proceeds from realisation of assets
- payments from estates and trusts to beneficiaries
- transfers of amounts between accounts (including deduction of NSWTG fees from client funds).

91.6% of the transactions processed were for financial management clients. The remaining 8.4% were for deceased estate, trust and power of attorney matters. Financial management clients represented 39.5% of the value of the transactions processed and deceased estate, trust and power of attorney matters the remaining 60.5%.

NSWTG has continued to work at improving the efficiency of processing transactions for

clients through a continued focus on digitisation and work flow automation. For example:

- during 2017-18 NSWTG made over 310,000 third party payments on behalf of financial management clients. 72% of these payments used automated processes
- NSWTG is continuing work to phase out cheque payments for payments made on behalf of clients. During 2017-18 99% of payments made on behalf of financially managed clients and 97% of payments for estate administration, trust and power of attorney matters were made electronically
- NSWTG uses automation to assist in processing amounts received on behalf of clients. Each client is issued a unique

account number that enables amounts received on their behalf to be allocated directly to their account. During 2017-18 87% of receipts for financially managed clients and 70% of receipts for estate, trust and power of attorney matters were processed in this way.

Projects and Initiatives

National Disability Insurance Scheme (NDIS)

The NDIS represents a fundamental change for the funding and delivery of supports to people with disability across Australia. The Commonwealth and NSW governments signed the NDIS Full Scheme Agreement on 25 May 2018. People with permanent and significant disabilities that affect their participation in everyday activities, and people with disabilities who would benefit from early intervention, now receive individualised funding to access reasonable and necessary supports.

NSWTG is involved in the NDIS through its role as a financial manager, trustee or guardian for people with disability.

For Guardianship clients NSWTG is involved in the NDIS pre-planning and planning process, including releasing information and attending meetings. We negotiate with the National Disability Insurance Agency (NDIA) on behalf

of the participant about what is accepted as reasonable and necessary supports and seek reviews of plans when needed. We also negotiate with support coordinators about the selection of the most appropriate service provider for the participant and decide which service providers will provide a service to the participant.

For financial management clients we provide the NDIA with financial information to assist in planning their NDIS packages and ongoing support to ensure the development of meaningful plans.

During 2017-18 NSW TG worked closely with the NDIA on a systemic level to address issues identified with the scheme. This included developing our working relationship with NDIA, assisting in best practice plan development, and addressing gaps in current and future service delivery, for example the NDIA's responsiveness to people in crisis and with complex needs.

We also:

- shared data with the NDIA to confirm clients who are eligible to access the scheme
- provided information about the client's financial situation before the client's planning meeting
- delivered information sessions to NDIS planners, Local Area Coordinators, NDIA Support Coordinators and other stakeholders about financial management and guardianship services, and clarified our role and function in relation to our clients
- participated as a key stakeholder in development of the *Operational Guidance for NSW Mainstream Services on the Interface with the NDIS*
- had extensive involvement in the NDIS Steering Committee meetings at both State and Commonwealth levels including the NDIA Regional Operational Working Groups
- were a key member of the NDIA and Justice working groups to raise and discuss systemic issues
- were a member of the National Trustee Senior Officers Group. This forum facilitates sharing, dissemination and discussion in relation to the NDIS and the impact on

service delivery to the clients of Trustee organisations.

State Debt Recovery Office (SDRO) and enforcement orders for financial management clients

NSWTG has a Memorandum of Understanding (MoU) with the SDRO. This MoU enables the SDRO to identify outstanding debts for clients who have NSW TG appointed as their financial manager where debts are unlikely to be recovered or where payment plans need to be established. NSW TG supplies relevant client information to SDRO to have debts set aside as a result of client circumstances. In the 2017-18 NSW TG dealt with 10,943 enforcement orders totalling \$6.5 million for financial management clients.

Of those enforcement orders 7,954 orders totalling \$5.5 million for 1,859 clients were withdrawn or written off in part or in full. The balance was either paid or part paid from client funds or through a work and development order agreed to by the client.

First choice trustee advertising campaign

NSWTG's planning ahead services came to the fore in the successful first choice trustee advertising campaign which ran from February to June 2018. The campaign generated more than 500 appointments for members of the public to have NSW TG draft their Will, Power of Attorney or Enduring Guardian documents. This contributed to the 74% increase in documents executed in 2017-18. The campaign also drove an additional 70,000 visitors to the NSW TG website.

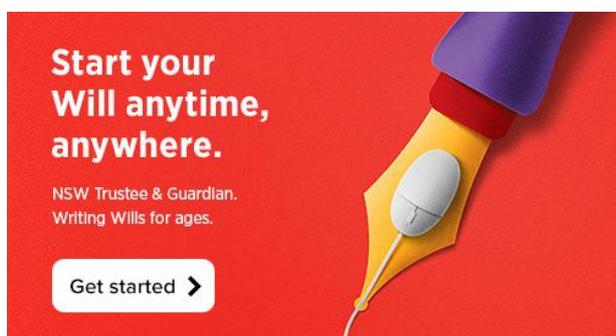


Figure 9 First choice trustee campaign

The first choice trustee campaign's key objective was to increase awareness and uptake of NSW TG's planning ahead services in

an increasingly competitive market. The campaign promoted three key messages across radio, print and digital channels focused on NSW TG's experience, trustworthiness and accessibility:

- 'NSW Trustee & Guardian has 100 years of experience.'
- 'NSW Trustee & Guardian is a trusted supplier of Will storage – you're in safe hands.'
- 'NSW Trustee & Guardian makes planning ahead easy and flexible.'

The Health Guardianship Project

The Health and Guardianship Project is a collaboration between NSW Health, NCAT, NSW TG and the Premier's Implementation Unit at the Department of Premier and Cabinet (DPC). The project is funded by NSW Health.

The aim of the project is to reduce the duration of hospital admissions for patients who are waiting for guardianship hearings or waiting for guardians to make a decision about hospital discharge.

NSW TG's role is to expedite the guardianship and financial decisions required to enable the early release of clients from hospital. This helps reduce constraints on inpatient bed capacity in NSW hospitals and the risk of adverse events that can arise during long hospital stays.

To date the project has reduced the average length of hospital admissions from the time a guardianship application was made.

As financial manager for some of the clients involved in the project, NSW TG also expedites the financial decisions required to enable early release of clients from hospital.

Surety Bond Scheme

In April 2016 NSW TG introduced a Surety Bond Scheme to protect people under a financial management order whose finances are managed by private managers.

On 30 June 2017 the NSW Civil and Administrative Tribunal (NCAT) found that NSW TG did not have authority under the *NSW Trustee and Guardian Act 2009* to enforce a decision that a surety bond applied to an estate.

Following this decision, NSW TG wrote to all impacted private managers advising them that the surety bond scheme was being cancelled. NSW TG also paid an amount equivalent to any premium they had paid for their bond plus interest to privately managed estates.

The Attorney General ordered an independent review of the scheme and the way it was implemented. The Department of Justice engaged KPMG to conduct this review. KPMG were also to make recommendations, where appropriate, about risk management alternatives.

At 30 June 2018 this report was still being finalised.

Client Feedback and Response

Client Satisfaction Surveys

NSWTG conducts client satisfaction surveys each year to help us understand what is working well for clients and what can be improved.

The surveys are conducted by an external service provider who interviews a random selection of beneficiary, trust, financial management and private management clients. All responses are anonymous.

Clients are asked to provide feedback on specific aspects of our service as well as an overall satisfaction score (the Client Satisfaction Index).

We use the insights gained from the client surveys to improve and refine our services. During 2017-18 a new Deceased Estate Information Form and checklist have been created and rolled out for beneficiary clients after comments in a previous survey highlighted that many individuals found this an overwhelming and confusing process to navigate.

Work has also continued on a communications review for private managers with a new induction program and an online portal for submitting plans under development.

The 2018 survey reflected the changes implemented by NSW TG as part of the transformation. We have areas that still require attention, in particular for private management and trust clients. With beneficiaries and financial management clients, there have been slight increases in satisfaction levels.

	2016	2017	2018
Private Managers	70%	67%	66%
Financial Management	54%	61%	63%
Beneficiaries	53%	55%	57%
Trust clients	N/A*	80%	64%

Table 6 Client satisfaction

*Surveys for Trust clients were introduced in 2017

Clients are also asked about the overall performance of NSW TG. The 2018 survey results reflect slight improvements from private management and financial management clients. There is still work to be done to address ongoing concerns from beneficiary and trust clients.

	2016	2017	2018
Private Managers	71%	68%	69%
Financial Management	57%	60%	64%
Beneficiaries	44%	49%	49%
Trust clients	N/A*	79%	60%

Table 7 Client Satisfaction - overall performance of NSW TG

*Surveys for Trust clients were introduced in 2017

All clients (except beneficiaries as they may not necessarily be NSW TG clients for multiple years) were asked how they felt the service they had received across the past year compared to the previous year:

- 29% of financial management respondents perceived the service they received to have improved or greatly improved in 2018 versus 27% in 2017
- 19% of private managers respondents perceived the service they received to have improved or greatly improved versus 14% in 2017
- 17% of trust client respondents perceived the service they received to have improved or greatly improved versus 7% in 2017.

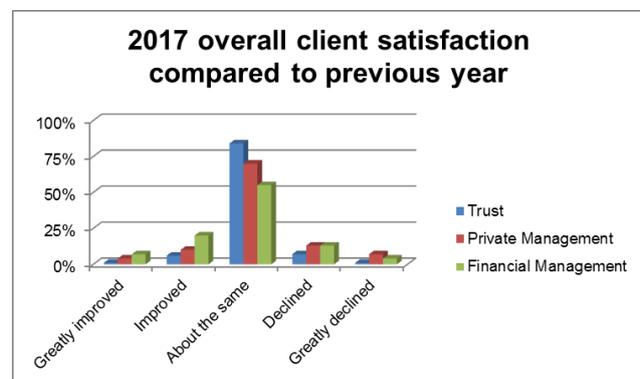


Figure 10 2017 overall client satisfaction comparison to previous year

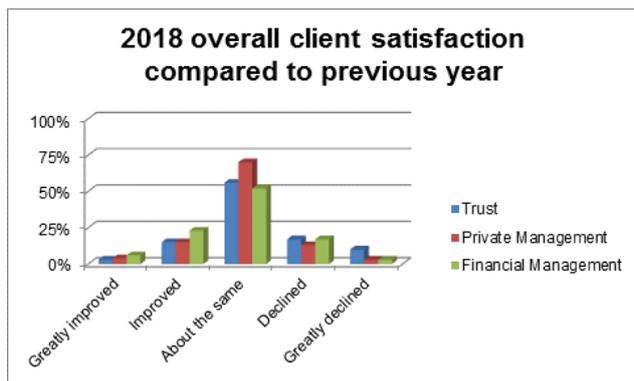


Figure 11 2018 overall client satisfaction comparison to previous year

Factors with the highest levels of satisfaction

The factors that clients indicated they had the highest level of satisfaction with were as follows:

- 77% of Beneficiary respondents felt confident that their estate assets are safe with NSWTG
- 81% of Trust respondents felt confident that their assets and/or money is safe with NSWTG
- 77% of Financial Management respondents felt confident that their assets and/or money is safe with NSWTG
- 71% of Private Manager respondents had the highest level of satisfaction with the courtesy and helpfulness of NSWTG employees.

Complaints²

A complaint is an expression by a client of dissatisfaction, protest or grievance about the service we have provided or a decision we have made. Complaints can be submitted by the client, family, friends, service providers or other agencies. That person may wish to complain about the quality of service, the conduct of a staff member or a policy or procedure.

We treat complainants with courtesy and respect and understand that a person making a complaint wants to be heard, understood,

² In previous years complaints data for the Public Guardian has been reported separately in the Annual Report. Public Guardian data was based on complaints received while the data for the other service lines was based on complaints completed. From this year all complaints will be reported together based on date received. To enable a valid comparison to previous years the data for 2016-17 has been presented on this basis.

receive an impartial and timely response and, if appropriate, an apology.

Complaints provide an opportunity for us to explain our role and processes to people and those involved in their lives. They also provide the opportunity to review our practices.

NSWTG received 414 complaints during 2017-18. This represents a 10.6% decrease on the 463 complaints received in 2016-17. Figure 12 shows a summary of the complaints received in 2017-18.

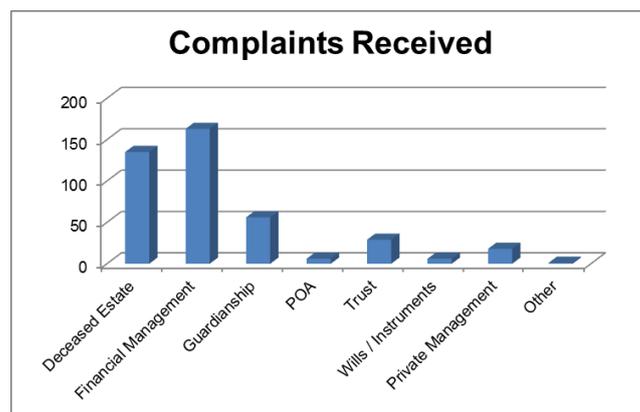


Figure 12 Complaints received 2017-18

Of the 414 complaints received:

- 56% were related to timeliness and communication. These included complaints about delays in making decisions, a lack of progress updates, and the length of time NSWTG takes to respond to correspondence, emails and phone calls
- 18% were about the decisions made and the remaining 26% related to processes, costs and other concerns.

At 30 June 2018, 391 (94%) of the complaints received had been finalised. A further 23 complaints received in June were in progress. Figure 13 shows a summary of the outcome of these complaints as at 30 June 2018. Of the finalised complaints 151 (39%) were substantiated and 240 (61%) were unsubstantiated.

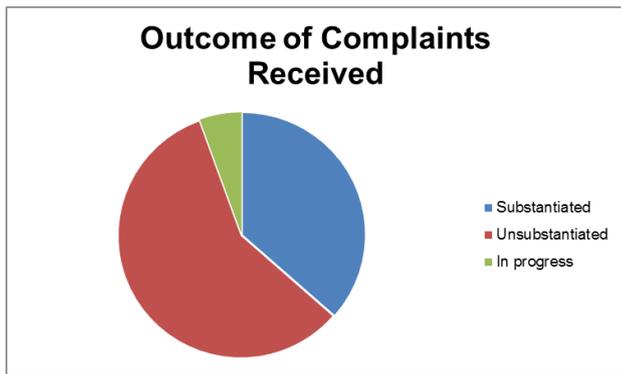


Figure 13 Outcome of complaints received in 2017-18

Internal Reviews of Decisions (IRODs)

Decisions made by NSWTG relating to clients under a financial management or guardianship order are reviewable under the *Administrative Decisions Review Act 1997*. The first step in the review process is for the client or an interested party to make a request for an internal review of the decision (IROD). The internal reviewer can affirm, vary or set aside and make a substitute decision in line with section 53(3) of the Act.

In 2017-18 NSWTG received 83 requests for an IROD, a decrease of 51% on the 170 requests received in 2016-17. This decrease is attributable to the fact that 114 of the requests for an IROD in 2016-17 related to decisions about the Surety Bond Scheme.

At 30 June 2018, 66 (80%) had been finalised, three had been withdrawn and 14 were in progress. This includes IRODs where we have requested additional information from the applicant or where we are waiting on advice from an external agency or service provider to support the review.

Of the 66 IROD requests finalised this year, 59% of decisions were affirmed, 12% varied and 29% set aside.

Timeliness of Response – Complaints and IRODs

NSWTG's standard timeframe to respond to IRODs and complaints is 21 days. For Guardianship services the standard response time for complaints is 10 working days. Additional time may be required if further information is requested to respond to a complaint or review of a decision.

In 2017-18 62% of the complaints received and 35% of IRODs were completed within the standard timeframe. Where delays occurred in finalising complaints and reviews of decisions there were complexities in the matters reviewed, a need for additional information or reports and delays by external parties.

Feedback Assist

Is a whole-of-government approach to managing client feedback as part of the Premier's Priority of Improving Government Services. Feedback Assist ensures there's 'no wrong door' for members of the community to give their compliments, complaints and suggestions about government services – simply by clicking on the smiley face, the frowning face, or the light bulb and completing an online form.



Feedback Assist was implemented on NSWTG's website in November 2017. Complaints and suggestions received through Feedback Assist are incorporated into NSWTG's complaints management process for response.

Changes implemented in response to issues identified in complaints and reviews

During 2017-18 training in relation to decision making for clients included information on the complaints and review processes. The training also highlighted the importance of regular communication with stakeholders during the process and ensuring clients receive an explanation of the reasons for a decision. In addition the NSW Ombudsman provided training to our employees in complaints handling. From 2018-19 NSWTG will be providing complaints handling training to new service delivery employees.

During the reporting period NSWTC made a number of changes in response to issues raised in complaints. These included:

- re-allocating resources within the service centres to address issues in timeliness
- changes to streamline processes for payments to obtain documents required to establish evidence of entitlement in deceased estates
- changes in the timing of the provision of annual statements of accounts to trust clients to assist clients prepare tax returns within required timeframes.

Electronic Access, communication, Information and Support

Electronic Access and Communication

The NSW TG website (www.tag.nsw.gov.au) continued to grow as an important point of access for services and information about the organisation. Over the course of the year 283,263 users visited the site. This was a 17.5% increase on the previous year and demonstrates the significant impact of the first choice trustee advertising campaign run from February to June 2018. During the year there was a continuing trend to using hand held devices, with 44% of website users accessing the site using a mobile or tablet, a 9% increase on last financial year.

The website received 1,277 enquiries and 255 intestacy referrals for people who had died without a will.

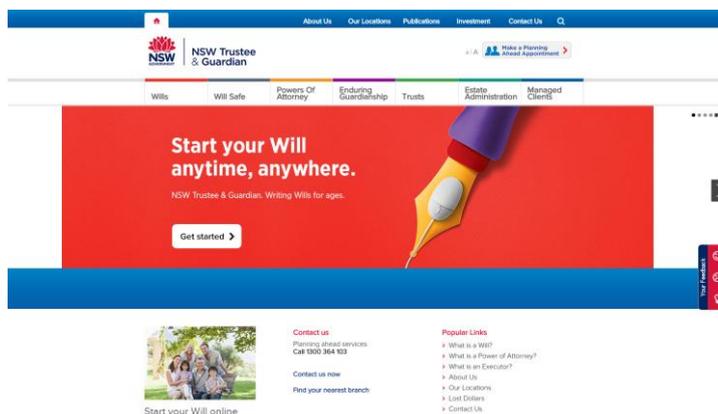


Figure 14 NSW TG website

Our website also hosts the Planning Ahead Portal which enables users to start their planning ahead documents. The portal allows people to provide information before attending their appointment with NSW TG staff at a time that is convenient for them. Importantly, information entered into the Planning Ahead Portal flows directly into the NSW TG internal systems. This means during the appointment our employees can focus on the client's

planning ahead requirements rather than collecting information needed to draft their documents.

During 2017-18 there were 2,128 submissions to the Planning Ahead Portal from people either making a booking for a Plan Ahead Day or starting their Will, Power of Attorney, Enduring Guardianship ahead of their appointment.

A separate website (www.publicguardian.justice.nsw.gov.au) for the Public Guardian provides information about guardianship and the services we provide. During 2017-18, 18,040 users visited the site. This was an increase of 9% on the previous year.

Newsletters

NSW TG produces two newsletters, *TAGconnect* and *Onguard*, for clients and stakeholders.

TAGconnect (figure 15) is a bi-annual newsletter to inform clients and stakeholders about news, events and updates for the organisation. In 2017-18 NSW TG used this channel to inform clients about the continued roll out of the NDIS, the change to the *Marriage*

Act 1961 (Cth) to recognise same sex marriage and how the change can impact a person's Will, the launch of our planning ahead portal, and the progress on the transition to our new operating model. The newsletter is sent to more than 65,000 clients and stakeholders. This enables us to inform them of any changes which may impact on our services such as the fees NSW TG charge or legislative changes.

Onguard provides important updates and advice to private and enduring guardians. During 2017-18 *Onguard* included articles on NDIS, accessing personal health records of people under guardianship for use in decision making about their health and lifestyle and the review of the *Guardianship Act 1987*.

Information and Support

The Public Guardian provides information to the community about the role and function of guardianship and the general principles of the *Guardianship Act 1987*. The Public Guardian

offers this information through the Information and Support team. The team addresses a range of matters including planning ahead, the 'person responsible' hierarchy in medical and dental consent, supported decision making, alternatives to guardianship, the need for guardianship, and the role of the Public Guardian.

During 2017-18 the Information and Support team responded to 7,458 requests for information, and sent 284 requested publications.

ANZAC MEMORIAL CENTENARY PROJECT

TAGconnect

NEWSLETTER FOR NSW TRUSTEE & GUARDIAN CLIENTS AND FRIENDS

ISSUE #18
SUMMER 2018

In 1914 Samuel Alexander from Newcastle in NSW made a Will with NSW Trustee & Guardian upon enlisting in the Imperial Expeditionary Force.

'This is the last Will and Testament of me Samuel Alexander of Newcastle now enlisted as a member of the Imperial Expeditionary Contingent, about to leave this State on active service. I appoint the Public Trustee in and for the State of New South Wales to be Executor and Trustee of this Will.'

Back in 1914, NSW Trustee & Guardian made Wills for many enlisted soldiers. 100 years later, the Anzac Memorial in Hyde Park is commemorating the service of many men and women just like Samuel with a poignant tribute.

The iconic Anzac Memorial has been undergoing an extensive program of work to mark the 100th anniversary of the First World War. Once complete, the Memorial will include a new Hall of Service featuring an installation commissioned from acclaimed artist Fiona Hall.

The artwork will include plaques representing approximately 1,700 NSW locations, sourced from the records of those who enlisted. Soil samples collected from First World War memorials or local areas of significance will be a part of the display and communities across the state have shown their support.

Some towns have incorporated the soil collection into their Anzac Day Commemorations and others have held special ceremonies. Local historical committees, RSL members, service groups, schools and many others have ensured their community's contribution will be a tangible part of the Memorial legacy.

'The Anzac Memorial is the state's principal memorial to all Australians who have served, and collecting soil from sites across NSW recognises the far reaching areas that young Australians from NSW volunteered from to serve our country in the First World War.' Veterans Affairs Director Caroline Mackness said.

'It signifies the state's ongoing gratitude for the service and sacrifice by these men and women, as well as those that have followed in their footsteps, while telling the story of NSW's involvement and the enormous impact that war has on society.'

Digital information linking the name of every enlistee who gave that location as their home address, maps of the local area, its surrounding memorials and schools, as well as the details and date the local soil was collected will also be available.

To see if soil has been collected from your area, or for further details about the Anzac Memorial project visit www.anzaccomemorial.nsw.gov.au

Figure 15 TAGconnect Summer 2018

onguard

A regular newsletter for guardians by the Office of the Public Guardian

April 2018

ISSN 1838-9485

Contents

1. Private Guardian Support Unit turns 20
2. Tips for accessing health information

Twenty years of support to private and enduring guardians

In 1998 the Office of the Public Guardian (OPG) established the Private Guardian Support Unit (PGSU) to provide a higher level of support to private and enduring guardians. We recognised the guardianship role is challenging and that our office had a lot of helpful information to share.

After 20 years the PGSU continues to support you in your role as guardian, including phone support, helping or advising with letter writing, and navigating service systems. We have several publications for guardians that can be found on our [website](#). Some of these are:

- [Now You're the Guardian](#) handbook. It gives a comprehensive overview of the role and function of guardians.
- [Contact sheet](#) that lists agencies who provide information or services that may help you to make decisions or advocate for the person you represent.
- Fact sheets and [resources](#) on supported decisions making, developed by our Supported Decision Making team. The fact sheets help family and friends to support the person with disability to be involved as much as possible in making decision.
- The Onguard newsletter has updates about important developments in the disability sector, and tips that assist guardians in their role. [Back Issues](#) are available on our website.

Need legal help?

If you need legal assistance, LawAccess NSW is a free government telephone service that provides legal information, referrals and in some cases, advice point for people who have a legal problem in NSW. They are a starting to help with legal problems.

Call 1300 888 529

PGSU Contact Details

Phone: 02 8688 6060 or 1800 451 510
Fax: 02 8688 9797
TTY: 1800 882 889

Email:
pgsu@opg.nsw.gov.au
website: www.publicguardian.justice.nsw.gov.au

We'd like to hear from you!

We cover a wide variety of topics in our Onguard newsletter. We would like to hear about what you'd like us to include in future editions of Onguard. Please get in touch using the contact details in the bottom left corner of this page. You can also provide feedback on our [website](#) via the 'Your Feedback' link on the right hand side of the home page.

The Private Guardian Support Unit is available Monday to Friday 9-5 (except public holidays). We are available via phone or email to provide guardianship related information.

16 Onguard April 2018

Social Programs and Non-commercial Activities

Community Education and promoting the importance of planning ahead

As the population of NSW ages, NSWTG continues to promote to the community the importance of preparing a Will, making a Power of Attorney and appointing an enduring guardian. These initiatives and programs form part of a whole of government approach to promoting the importance of planning ahead.

NSWTG's initiatives aim to increase the awareness across the community about the need to plan ahead, the benefits of having planning ahead documents in place and how to get started. These initiatives:

- help ensure people:
 - are empowered with information so they can appoint their attorney, guardian or executor of choice
 - have their wishes respected in relation to how their estate should be distributed when they die
 - understand the importance of appointing an independent executor and attorney with NSWTG being able to provide these services to people as an alternative to private appointment
- reduce demand for state intervention and granting of financial management and guardianship orders when people lose capacity to manage their financial and personal affairs without having made a Power of Attorney or Enduring Guardian
- reduce the people who die without a valid Will.

In recent research commissioned by NSWTG³ 51% of the NSW population aged over 18 years has a Will, however, 37% of these people say it is not up to date or it is over 10 years old.

³ NSWTG Addressable Market and Validating Barriers 2017 Cadreon Research Agency

As well 34% have made a Power of Attorney and 36% have appointed an enduring guardian.

While the number of people who have a Will and Power of Attorney has increased only slightly over the last few years, the number of people who have appointed an enduring guardian has significantly increased from 19% (2014) to 36% (2017)⁴.

Community Education

NSWTG uses community education to promote the importance of planning for the future by preparing a Will, making a Power of Attorney and appointing an Enduring Guardian, the benefits of having these documents in place or and what can happen when they are not.

Community education sessions also provide an opportunity to clarify the role of the Public Guardian, what it means to have a financial management order in place how we provide support and direction to private managers and support for private guardians.

In 2017-18 employees delivered 240 presentations to various community groups, aged cared providers, hospitals and disability service providers across metropolitan and regional NSW (a 129% increase on the 105 sessions conducted in 2016-17). The community education sessions include presentations made to culturally and linguistically diverse groups.



Figure 17 Seniors' Festival at the International Convention Centre

During 2017-18 NSWTG employees (including the Public Guardian) participated in Senior's

⁴ OmniPoll Market Research 2014/15

Day at the Royal Easter Show, the Seniors' Festival at the International Convention Centre, Mardi Gras Fair Day, the National Elder Abuse Conference, Charles Sturt University Wellness and Wellbeing Expo, Senior Festivals in Sydney, Lismore and Port Macquarie, Broken Hill AgFair, Sydney Disability Expo, Rotary Bridal Fair in Goonellabah, Primex in Casino and Law Expo in Bankstown.

NSWTG uses media opportunities to promote the importance of having planning ahead documents in place as well as to promote NSW TG Plan Ahead Days in the local area.

During 2017-18 NSW TG employees appeared on local radio in regional areas such as Wagga, Broken Hill, Bathurst, Lismore and Wollongong to discuss topics such as planning ahead and marriage, young people, travel, online afterlife and holidays. Articles in newspapers across the state also promoted the importance of planning ahead.



Figure 18 Pet Emergency Card on Channel 7 news

Publications and resources

We also have a number of easy to read publications about the services we provide. These are available both in hard copy and via our website. Some of these publications are available in a range of community languages.

Planning Ahead for Aboriginal People in New South Wales

During 2017-18, we continued to focus on increasing the uptake of planning ahead documents among Aboriginal people through the highly successful publications – *The Aboriginal Wills Handbook* and *Taking care of business*. These resources fulfil a key outcome of the NSW Carers Strategy 2014-19

encouraging Aboriginal people, including carers, to complete planning ahead documents.

Research shows that Aboriginal people have very low rates of Will making and are disproportionately likely to become involved in serious disputes about burial or disposal of the body. Where there is no Will it can be very difficult to determine who has the right to dispose of the body. While cultural factors may be taken into account, courts have generally resolved these disputes on the basis of practical convenience. These judgements often result in longstanding ruptures in community relationships.

The development of *Taking care of business* was informed by engagement with Aboriginal communities and service providers to ensure the information is relevant and respectful.

NSWTG has implemented initiatives to develop culturally appropriate resources to promote the importance of planning ahead for Aboriginal people. The advantage of culturally appropriate planning ahead documents is that they are more likely to reflect a person's wishes relating to burial, guardianship of children and the distribution of personal property preventing disputes that may arise through intestacy.

The Aboriginal Wills Handbook was written by Professor Prue Vines at the University of New South Wales. It raises awareness of how Aboriginal culture can best be reflected when making a Will. It details the advantages of making a Will for Aboriginal people and provides some signposts of where potential issues might arise. The handbook contains forms for the preparation and drafting of Wills for Aboriginal people.

Feedback on the handbook has been overwhelmingly positive. This project is funded by NSWTG.

The Public Guardian also utilises these publications when providing education sessions for Aboriginal people.

Planning Ahead for 18-25 Year Olds - Will It Your Way

NSWTG has renewed a further two year partnership with Will It Your Way – a charity whose aim is to educate Australians –

particularly 18 to 25 year olds – about the importance of having a Will.

NSWTG has provided specialist content for the Will It Your Way website including material explaining why young people often have more assets than they think and resources to help young Aboriginal people plan ahead. NSWGTG is featured on the Will It Your Way website as a service provider available to make planning ahead documents for people aged 18-25 years.

Planning ahead for pets and the Pet Emergency Card

One of the ways we aim to engage with the community about the importance of planning ahead is to link planning ahead to key life events such as marriage or having children. During 2017-18 we used pet ownership as a means of communicating the importance of planning ahead to the community.

The *Planning ahead for pets* campaign reached over two million people across the community with the message of taking care of your pets by planning ahead.

The pet emergency card was part of the *Planning ahead for pets* campaign. It was launched in August 2017 by the Attorney General, the Hon Mark Speakman SC MP. The card provides a simple way of alerting people that there is a pet at home that needs to be cared for in the situation their owners pass away, or are seriously ill or injured. The pet emergency card can be used by pet owners to make arrangements for their pets if something were to happen to them, including nominating someone to care for pets in the event in an emergency.

Same Sex Marriage

The change to the *Marriage Act 1961 (Cth)* to recognise same sex marriage was another event NSWGTG used to engage with the community. This message focussed on the need to ensure you have a current Will to ensure your affairs are managed according to your wishes.

Promoting Supported Decisions for People with a Disability and the Supported Decision Making Project

Family members, government and industry professionals have traditionally made many decisions for people with disabilities. Since Australia ratified the United Nations Convention on the Rights of Persons with Disabilities in 2008, there has been a significant shift away from others deciding what is considered to be in a person's 'best interest' to what they would like to happen in their own life. This is referred to as supported decision making and is seen as being integral to empowering people with disabilities to have more choice and control over their lives.

The Supported Decision Making Project is led by the Public Guardian and funded by the Department of Family and Community Services (FACS). The project aims to:

- build the capacity of people with disabilities to exercise choice and control when making decisions by educating those who can act as supporters
- build the capacity of service providers to promote and deliver supported decision making to their service users
- create a community of practice to support and develop supported decision making practice and knowledge.

The project has developed an e-learning tool for the disability service sector. This tool can be accessed via the National Disability Services website. Another e-learning tool has been developed for NSWGTG's financial management staff on how supported decision making relates to their role as financial managers.

During 2017-18 the project rolled out training to the disability service sector in the form of Risk Enablement material developed by La Trobe University. Risk Enablement, Supported Decision Making and Train the Trainer workshops and training sessions were delivered to over 780 frontline and management employees in the sector.

This content has been well received and there is high demand to continue to roll this training out more widely across sectors including the

aged care sector. The Public Guardian is currently partnering with several external agencies and experts in this field in relation to this rollout.

Energy and Water Ombudsman New South Wales Rights to Information Program

NSWTG participates in the Joint Outreach Initiatives Network established by the Energy and Water Ombudsman New South Wales. The network was established to promote free, fair and independent access to information and to improve transparency about the information people are entitled to receive and their rights to make a complaint.

The network shares information and resources, and identifies opportunities for joint initiatives and community education.

As part of this program, each year NSWTG partners with other agencies in the network to host and attend a range of events for the public including the Sydney Royal Easter Show.

Legislative Change, Reviews and Inquiry Submissions

Guardianship Act 1987

In June 2018 the *Guardianship Act 1987* was amended to include the Public Guardian as a party to proceedings in NCAT to review guardianship orders. The Act was also amended to include the Public Guardian and NSW TG as the NSW Trustee as parties to proceedings of an appointment of an enduring guardian.

Powers of Attorney Act 2003

The *Powers of Attorney Act 2003* was amended to include NSW TG as parties to proceedings in the Supreme Court or NCAT to review the appointment of an enduring power of attorney.

NSW Law Reform Commission – Review of the Guardianship Act 1987

During 2017-18, the NSW Law Reform Commission continued its Review of the *Guardianship Act 1987*. In February 2018 NSW TG provided a submission to the review in response to draft proposals published by the Commission.

The final report is likely to include recommendations that, if adopted, will fundamentally change decision making support and significantly impact how we work with people who need support making financial management and guardianship decisions.

During 2018-19 we will proactively work with agencies across the Justice cluster and the NSW government as a whole to support effective reform.

Financial Performance

NSWTG is predominantly a self-funding NSW government agency. Our revenue comes from:

- commissions and fees on estates, trusts, powers of attorney and agencies
- fees for managing our clients' assets
- fees for drafting Wills and Powers of Attorney
- income on corporate investments
- funding for community service obligations from the NSW government
- a NSW government grant for the Public Guardian's operations.

The main challenges affecting our financial performance in 2017-18 were to achieve our financial targets and sustainability within NSW Treasury guidelines, and the impact of the volatility of the property and financial markets on the value of clients' assets and NSWTG revenue.

High Level Results

NSWTG's result from operating activities was a surplus of \$13.37 million. This includes a distribution and revaluation gain from an investment with T Corp of \$5.55 million.

The final result, after reflecting an impairment loss on intangible assets of \$3.93 million and assets held for sale of \$0.62 million, was a surplus of \$8.81 million.

2017-18 Revenue and Expenditure Budget

Details of the 2017-18 recurrent revenue and expenditure budget compared to actual expenses are shown in Table 8. The table also sets out the recurrent budget for 2017-18.

The budget for 2017-18 was set at a deficit of \$3.25 million. NSWTG's revenue budget was based on trends in previous years, operational plans, business level predictions and in accordance with the NSW Trustee and Guardian Regulation 2017.

The expenditure budget provided for CPI increases in personnel services and operating costs, with maintenance and depreciation

expenses proportionate to existing assets and capital expenditure program.

The actual result (a surplus of \$8.81 million) was higher than budget mainly due to:

- higher growth in revenue than anticipated in the budget driven by an increase in asset values in estate and trust matters and for financial management clients
- lower than budgeted operating expenses primarily due to a reduction in the service fees paid to the Department of Justice for IT and HR services.

Revenue Budget and Actual

In summary total revenue for 2017-18 was \$92.87 million - exceeding budget by \$11.73 million (14.5%). The main components of revenue for 2017-18 were:

- commissions and fees \$21.6 million - higher than budget by \$3.32 million (18.2%)
- management fees \$39.5 million - higher than budget by \$1.06 million (2.7%)
- specialist services fees \$7.2 million – higher than budget by \$2.75 million (61.3%) primarily from an increase in fees received for Genealogy and Taxation services
- funding of \$5.11 million was received from NSW Treasury for our community service obligations – equal to budget
- grants totalling \$3.46 million:
 - \$0.91 million for voluntary redundancies resulting from the transformation
 - \$0.85 million to augment rental cost increment for NSWTG offices in Parramatta
 - \$0.10 million from the Department of Family and Community Services' contribution for marketing campaign (Get It in Black and White)
 - \$1.60 million to assist NSWTG to transition to the new fee structure (second year)
- investment revenue on corporate funds exceeded budget by \$2.06 million, including an unrealised gain of \$1.30 million from long term growth assets
- the recognition of Personnel Services Liabilities to Crown entities of \$0.81 million arising from the transfer to the Crown of the

liability arising under the defined benefit superannuation funds.

Expenditure Budget and Actual

Total operational expenses for 2017-18 were \$79.50 million - \$4.88 million (5.8%) under budget. The major components of this reduction were:

- Personnel services costs were below budget by \$6.66 million (11.5%), including \$0.91 million for redundancies resulting from the transformation and reclassification of contractor costs which had been included in the personnel services budget as other operating costs
- Operational costs of Public Guardian were \$8.61 million were \$1.06 million (11%) below budget
- Depreciation and amortisation expenses were below budget by \$0.66 million mainly due to deferral of capital works in plant and equipment
- Expenditure for 2017-18 also included:
 - A loss arising from the impairment of intangibles assets in relation to the client management system of \$3.93 million
 - Other operating costs including maintenance costs were over budget by \$2.43 million (11.4 %) as a result of reclassification personnel service costs
 - An estimated loss on impairment of assets held for sale of \$0.62 million on the four NSW TG properties (Liverpool, Gosford, Newcastle and Wollongong) listed as assets held for sale at the end of reporting period. The progression of property sale will commence in financial year 2018-19.

NSW Trustee & Guardian Capital Budget

Table 9 shows details of the 2017-18 capital expenditure budget compared to actual expenses as well as the capital budget for 2018-19.

The capital budget for 2017-18 was largely based on projects identified in the transformation, including service centre and branch refurbishments, office upgrades, changes to computer software programmes, Will making enhancements and client invoice scanning payment systems.

Capital Expenditure Budget and Actual

Total capital expenditure in 2017-18 was \$4.8 million. The majority of expenditure in 2017-18 related to development of our new client management systems and on online portal for private managers.

A number of projects relating to branch and office refurbishments, upgrading computer hardware, and implementing new modules for the client management system have been deferred. Unspent capital expenditure in 2017-18 has been approved by NSW Treasury to be carried forward to the 2018-19 budget.

Recurrent Revenue and Expenditure Budget	2017-18 Budget (\$'000)	2017-18 Actual (\$'000)	2018-19 Budget (\$'000)
Revenue			
Commission and Fees	18,293	21,615	21,989
Client Management & Investment Fees	38,457	39,512	39,387
Specialist Services Fees	4,490	7,244	6,467
Community Service Obligation	5,112	5,112	5,112
Government grant – OPG	8,743	8,732	8,962
Government grant – other	1,600	3,456	5,382
Investment revenue	3,955	6,016	2,826
Other revenue	482	374	349
Acceptance by Crown Entity of Personnel Services Liabilities	-	805	-
Total Revenue	81,132	92,866	90,474
Expenses			
Personnel service expenses	58,063	51,407	65,828
Advertising	1,725	1,340	1,710
Fees for services	8,379	12,145	8,268
Office supplies, postal and telephone	2,224	2,130	2,203
Lease expenses	4,710	3,696	3,334
Other operating expenses	1,719	1,453	1,644
Maintenance	2,494	2,920	2,420
Depreciation and amortisation	5,067	4,410	4,924
Total Expenses	84,381	79,501	90,331
Surplus/(Deficit) from Operating Activities	(3,249)	13,365	143
Other losses	-	(4,555)	-
NET RESULT FOR THE YEAR	(3,249)	8,810	143

Table 8 Recurrent revenue and expenditure budget

Capital expenditure budget	2017-18 Budget (\$'000)	2017-18 Actual (\$'000)	2018-19 Budget (\$'000)
Building fixtures	9,160	15	9,000
Leasehold improvements	2,571	309	3,600
Plant and equipment	900	36	-
Computer hardware	2,316	168	1,900
Computer software	8,135	4,314	3,050
	23,082	4,842	17,550

Table 9 Capital expenditure budget

Governance

NSWTG governance framework ensures we act in compliance with relevant legislation and policy and in accordance with best practice.

Audit and Risk Committee

NSWTG has an Audit and Risk Committee in compliance with Treasury Policy TPP 15-03. The committee meets quarterly and provides independent assurance to the NSWTG Chief Executive Officer by monitoring, reviewing and providing advice about NSWTG's governance processes, risk management and control frameworks and its external accountability obligations.

The committee members are:

- Ian Gillespie, Independent Chair
- Paul Crombie, Independent Member
- Gul Izmir, Independent Member.

Independent Investment Advisory Committee

The Independent Investment Advisory Committee includes internal and external members to advise the Chief Executive Officer on issues relating to investment of clients' funds. NSWTG is represented on the committee by the Chief Executive Officer. The external members are:

- Ted Gifford, who has 36 years' experience in a wide range of investment activities for AMP until retirement in 2002 (until September 2017)
- Julie Elliot, Principal Nous Group, who has extensive experience across financial services and government
- Jim Dawson, (representing NSW Treasury) Executive Director, Commercial Assets
- David Hartley, who has over 30 years investment experience in executive capacities, including Chief Investment Officer at Sunsuper until 2015 (commenced September 2017)

- Andrew Buchanan, a prominent broadcast programmer with the Australian Broadcasting Corporation, who also has experience working with organisations advocating for people with disabilities (commenced September 2017).

Other Key Committees

NSWTG also has a Joint Consultative Committee (Appendix 4) and Workplace Health and Safety Committee (Appendix 4). Our representation on significant external committees is detailed in Appendix 5.

Business Plans

NSWTG has the following corporate plans which inform division and branch plans to ensure a corporate focus on objectives and outcomes:

- Operational Plan
- Marketing Plan
- Risk Management Plan
- Business Continuity Plan
- Total Asset Management Plan
- Strategic Internal Audit Plan.

Compliance Program

In 2017-2018 we developed a new operating model for internal management of audit, risk and compliance.

Compliance Program, Risk Management and Audit

NSWTG develops an annual Strategic Internal Audit Plan. This plan identifies the risks and audits to be undertaken. NSWTG maintains a risk register, identifying both operational and corporate risks. The management of risk is compliant with Treasury policies TPP 15-03, TPP14-05 and TPP 12-03. It is also compliant with AS/NZS ISO 31000 requirements.

Major business processes are protected by:

- internal audit programs which ensure effective control systems are in place
- external auditing by the Audit Office of New South Wales to assess the adequacy of controls
- fraud control strategy and a corruption prevention framework

- oversight by and reporting to the NSWTC Audit and Risk Committee
- business continuity and business contingency plans
- risk management framework
- NSWTC policy and procedure framework, including clearly defined delegations
- systemic reporting and ad hoc systems based data mining.

Internal Audit

NSWTC has an outsourced model for internal audit and had an external service provider appointed. The Director Service Advisory carried the role of Chief Audit Executive until 28 June 2018. Following that date the Director Governance and Strategy was the Chief Audit Executive.

The Internal Audit and Risk Management Attestation Statement is published on page 67.

Business Continuity

The Business Continuity plan is designed to ensure that in the event of an emergency situation, all critical business systems and processes will continue to operate, enabling the continuation of services.

During the reporting period NSWTC was impacted by a major computer disruption. As a result of this disruption we commenced a review the Business Continuity Plan.

Workforce

NSWTG's employees are key to delivering quality services to the public. The 2017-18 period has seen a focus on building both capacity and capability. This has been achieved through a focus on recruitment, training and performance management.

The table 10 shows the number of employees by the Australian and New Zealand Standard Classification of Occupations (ANZSCO) category at 30 June 2018. A comparison with the previous three years is also included.

The reduced employee numbers from 2015-16 onwards is the result of redundancies from the organisational changes implemented as part of the transformation.

Category	2017-18	2016-17	2015-16	2014-15
Clerical and Administrative Workers	282.52	295.60	423.36	435.45
Community and Personal Service Workers	3.71	2.00	2.00	3.20
Managers	96.66	102.70	34.94	25.00
Professionals	81.42	120.20	163.00	158.98
Sales Workers	2.00	4.00	9.00	7.40
Total	466.31	524.50	632.30	630.03

Table 10 Employees by ANZSCO Classification of Occupations at 30 June 2018

Health and Wellbeing

During 2017-18 NSW TG established a Health & Wellbeing Committee to improve the mental, physical and social health of employees.

The committee implemented a number of programs under the banner of *TAGfit*. These included online tools and resources, workshops in resilience and mental health, physical activities as well as activities supporting charities. To improve the physical health of employees NSW TG also made flu shots available to employees.

The Health and Wellbeing committee were winners of the 2017 Justice Staff Excellence Award for their work in improving the mental, physical and social health of employees.

Staff Development and Training

With the completion of the transformation, this period saw the creation of the Staff Experience Unit, which brought together the existing Learning and People Development and HR

teams. This enabled NSW TG to expand its focus from learning and development to organisational development, culture and staff engagement.

During 2017-18 NSW TG delivered 98 training sessions. A summary of these sessions is shown in table 11.

Program type	Sessions
Technical training	58
Leadership development	21
Organisational and people development	19
Total	98

Table 11 Training sessions delivered in 2017-18

One of NSW TG's training and development priorities during 2017-18 was increasing capability in Will drafting through the development of training videos and implementation of a continuous professional development program. This has resulted in continual up-skilling from industry standard resources and presentations from industry experts. Accreditation in Will drafting, Powers of Attorney, and Enduring Guardianship continued, with NSW TG now having:

- 75 employees accredited to witness Enduring Guardianship instruments
- 108 employees accredited to draft and witness Powers of Attorney instruments
- 107 accredited Will makers.

The rollout of supported decision making was supported by designing and implementing an eLearning module for use across the organisation. The module was rolled out in May 2018.

NSW TG also implemented a Leadership Development Program for managers and supervisors to improve their skills in leading employees to provide quality services to our clients.

Information Technology

At NSWTG we maintain a number of complex systems that support provision of services to our clients including processing of over two million financial transactions for our clients.

During 2017-18 we focused on delivering modules of our new client management system as part of the Trustee and Guardian System (TAGS) project. The modules delivered during 2017-18 support provision of services to:

- private management clients (Private Management System)
- planning ahead clients (Online Wills Lodgement System)
- guardianship clients (Office of the Public Guardian System).

These systems will undergo enhancements to improve the user experience and performance over the next 12 months.

We implemented Feedback Assist on our external website, to ensure citizens can easily raise complaints, compliments or suggestions with us. Further information on Feedback Assist is available on page 41.

During 2017-18 we implemented text messages using a secure on-line platform. Introduction of SMS messages provides another communication channel for clients, enabling them to have more choice in the way they communicate with us. SMS messages also provide more accurate tracking of message delivery.

We also implemented and made enhancements to supporting systems to enhance the provision of services to clients.

We implemented Tableau, a data visualization tool, supported by our data warehouse. Used across the organisation, the tool consolidates data from a number of systems to provide insights to the management team on the clients, as well as the operational and financial performance of the organisation.

We improved information technology support channels available to staff that have helped resolve issues more quickly.

To enable integration with our new client management systems we upgraded our

records management system. This upgrade ensures we have a modern platform to manage our client records and will ensure any future systems implementations can be state records compliant.

In 2017-18 NSWTG commissioned a review of work on the TAGS project to date. The recommendations from this review will be incorporated into a new digital strategy to be developed during 2018-19 that will outline the future of digital technology at NSWTG. This will include introduction of a common portal environment, consolidation of client records, streamlining and automation of internal processes and service management improvements.

Future Direction

The transformation provided a baseline on which to improve services and efficiency while ensuring the sustainability of the organisation.

Over the next 5 years our priority will be to:

- create a client centred culture to maximise opportunities and deliver the best possible outcomes for our clients
- build a sustainable and efficient organisation that is responsive to change and strengthened to exist in perpetuity
- drive digital innovation
- strengthen our governance to improve management of risk, change, projects and to maximise the benefits that flow from the investments made in NSW TG
- support and develop our people so they have the knowledge, tools and capabilities to excel and to deliver the best possible outcomes for clients.

During 2018-19 we will draft a new strategic plan to further clarify our strategic intent and ensure we support achievement of the Premier's and State priorities.

One of our major priorities during 2018-19 will be providing advice to government on a response to the NSW Law Reform Commission's review of the *Guardianship Act 1987*. The report was provided to the Attorney General on 21 May 2018.

Another major focus will be implementation of the NDIS for financial management and guardianship clients. Our focus will be to provide information and advocate for clients in order for plans to be developed for individual clients that meet their support needs. We will also develop or modify policies, implement process changes, address initial workload challenges and collect data. Our goal is for NDIS service provision support to be incorporated into the normal service framework, wherever possible.

NSW TG has received \$3.78 million in specific funding to assist with this transition.

NSW TG will also implement the government response to the review of the Surety Bond Scheme once it is developed.

Appendices

Appendix 1: Obligations Under the Government Information (Public Access) Act 2009 (GIPA Act)

NSWTG proactively releases information and handles requests for information pursuant to the requirements of the GIPA Act.

During 2017-18 we received 10 formal applications for information under the GIPA Act from members of the public or their legal representative. A summary of the outcomes of these requests is shown in the following tables.

Number of applications by type of applicant and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny whether information is held	Application withdrawn
Media								
Members of Parliament								
Private sector business								
Not for profit organisations or community groups								
Members of the public (application by legal representative)	1	2			2			
Members of the public	1		1		3			

In some cases more than one decision can be made in respect of a particular access application. In these instances each decision will be recorded. In 2017-18 there were no access applications that involved multiple decisions.

Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access Refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/deny information is held	Application withdrawn
Personal information applications*			1					
Access applications (other than personal information applications)	2	2			5			
Access applications that are partly personal information applications and partly other								

In some cases more than one decision can be made in respect of a particular access application. In these instances each decision will be recorded. In 2017-18 there were no access applications that involved multiple decisions.

*A personal information application is an access application for personal information about the applicant (as defined in clause 4 of Schedule 4 to the GIPA Act).

Invalid applications

Reason for invalidity	Number of applications
Application does not comply with formal requirements (section 41 of the Act)	0
Application is for excluded information of the agency (section 43 of the Act)	3
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	3
Invalid applications that subsequently became valid applications	0

Section 43 of GIPA Act provides an access application cannot be made to an agency for access to 'excluded information'. For the purpose of this section, excluded information is contained in Schedule 2 of the Act. It includes information held by NSW TG that relates to functions we exercise in our capacity as executor, administrator or trustee. Requests for this information are considered by applying trustee disclosure principles and law.

During the reporting period, NSW TG refused three formal access applications because the information requested was information referred to in Schedule 2 of the GIPA Act. These requests were instead considered under trustee disclosure obligations and released as an informal request.

Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 of the Act

Nil

Other public interest considerations against disclosure: matters listed in table to section 14 of the Act

Nil

Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	10
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	0
Total	10

Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

Nil

Applications for review under Part 5 of the Act (by type of applicant)

Nil

Applications transferred to other agencies under Division 2 of Part 4 of the Act (by type of transfer)

Nil

Appendix 2: Action Plans and Carers Recognition

Disability Action Plan

The Disability Action Plan indicators are reported in the Department of Justice Annual Report for 2017-18. NSWTCG actively promotes access to services for people with disability through the design and implementation of service improvements. The employment of people with disability is an important part of service delivery strategy.

NSWTCG Culturally Diverse Communities Action Plan

The Culturally Diverse Communities Action Plan and the Multicultural Services and Programs indicators are reported on in the Department of Justice Annual Report for 2017-18.

Carers (Recognition) Act 2010

The legislative framework for NSWTCG makes it mandatory to consider the views of those involved in financial management clients' lives when making decisions.

This enshrines the role of carers in all decision making processes for substitute decision making. The involvement of carers in the decision making process is reinforced through our decision making framework.

NSWTCG maintains information on the intranet for all staff on the *Carers (Recognition) Act 2010*.

Appendix 3: Code of Ethics and Behaviour

NSWTG is covered by the Department of Justice Code of Conduct and Ethics.

The code sets out employee obligations and the expected standards of ethical behaviour. It assists in identifying and managing situations related to standards of behaviour, interpersonal expectations (internally and externally) and maladministration.

The code is consistent with the *Independent Commission Against Corruption Act 1988*, *Public Finance and Audit Act 1983*, *Government Sector Employment Act 2013* and the *Privacy and Personal Information Protection Act 1998*.

Appendix 4: Employment Reporting

Employment Equity Data

The Employment Equity data for NSWTG is reported in the Department of Justice Annual Report for 2017-18.

Industrial Relations

The Joint Consultative Committee is made up of representatives of NSWTG management and the Public Service Association of NSW (PSA). The committee meets quarterly and provides a platform to discuss and consult on human resource policies, industrial relations matters and other concerns raised by the PSA.

Workplace Health and Safety

The NSWTG Work Health Safety Committee (WHS Committee) provides a forum for staff and management to consult about issues affecting workplace safety. The WHS Committee met on five occasions during the reporting period. NSWTG has two Health Safety Representatives.

During 2017-18 36 incidents were reported to the WHS committee. A summary of the incidents reported is shown in the table 12.

Category	Number
Hazards (including verbal threats)	10
Near misses	2
Injuries	23
Illnesses	1
Total	36

Table 12 WHS incidents reported

These incidents resulted in 10 workers compensation claims.

Inspections to promote welfare and safety in the work environment were conducted by a qualified independent contract company at all NSWTG workplaces.

Movement in Salaries 2017-18

A 2.5% pay increase came into effect in July 2017.

Personnel Policies and Practices

NSWTG staff are employees of the Department of Justice under the *Government Sector Employment (GSE) Act 2013*. All employees have rights and obligations as determined by Department of Justice policies.

Public Service Senior Executive roles

As at 30 June 2018, there were eight Senior Executive roles within NSWTG. A breakdown of these roles is shown in table 13.

PSSE Band	Male	Female	Vacant	Total
Band 2	1			1
Band 1	3	3	1	7
	4	3	1	8

Table 13 Senior Executive roles

Further data in relation Public Service Senior Executive roles is reported on in the Department of Justice Annual Report for 2017-18.

Appendix 5: Significant Committees

Aboriginal Heritage Trust

Carol Coombes, Senior Manager Service Delivery

Australian Guardianship and Administration Council

Adam Dent, Chief Executive Officer, NSW Trustee & Guardian
Andrew Gabriel, Public Guardian

Boarding House Expert Advisory Group

Theo Hastings, Assistant Public Guardian, Operations

Elder Abuse National Projects Governance Group - Australian Guardianship and Administration Council

Ruth Pollard, Director, Legal and Professional Services, NSW Trustee & Guardian

Elder Abuse Working Group NSW Law Society

Ruth Pollard, Director, Legal and Professional Services, NSW Trustee & Guardian

Effective Case Reviews Project Reference Group

Anna Gauci, Assistant Public Guardian Policy and Advocacy

Elder Law, Succession and Capacity Committee NSW Law Society

Ruth Pollard, Director, Legal and Professional Services, NSW Trustee & Guardian

End of Life Implementation Advisory Committee

Anna Gauci, Assistant Public Guardian Policy and Advocacy

Health Guardianship Project Steering Committee

John Neely, Senior Manager, Service Delivery, NSW Trustee & Guardian
Theo Hastings, Assistant Public Guardian, Operations

Interdepartmental Committee on Ageing and Strategy

Megan Osborne, Director Communications & Engagement, NSW Trustee & Guardian

Interjurisdictional NDIS meeting for Public Guardians and Public Advocates

Anna Gauci, Assistant Public Guardian Policy and Advocacy
Phil Kearton, Regional Manager Northern Team Public Guardian

Joint Outreach Initiatives Network (JOIN)

Sunita Hora, Acting Manager Information and support
Jessica Butz, Senior client Information Officer Information and support

Joint Protocol State-Wide Steering Committee (NSW Ombudsman)

Anna Gauci, Assistant Public Guardian Policy and Advocacy

Multicultural Steering Committee – Department of Justice

Anna Gauci, Assistant Public Guardian Policy and Advocacy

National Health Medical Research Grant Partnership Project group

Anna Gauci, Assistant Public Guardian Policy and Advocacy

NDIA and Justice Working Group

Anna Gauci, Assistant Public Guardian Policy and Advocacy

NDIS Communication Senior Officer's Working Group

Anna Gauci, Assistant Public Guardian Policy and Advocacy
Megan Osborne, Director Communications & Engagement, NSW Trustee and Guardian

NDIS Regional Operations Working Groups

Anna Gauci, Assistant Public Guardian Policy and Advocacy

NDIS Steering Committee - Department of Justice

Anna Gauci, Assistant Public Guardian Policy and Advocacy
Necta Minas – Manager, Disability Advocacy
Megan Osborne, Director Communications & Engagement, NSW Trustee and Guardian

NSW Government Advertising Peer Review Panel

Megan Osborne, Director Communications & Engagement, NSW Trustee & Guardian

**NSW Ombudsman and Public Guardian
working party for matters relating to the
neglect, abuse and exploitation of people
with a disability in community settings**

*Theo Hastings, Assistant Public Guardian,
Operations*

*Phil Kearton, Regional Manager Northern
Team*

NSW Ombudsman's Disability Roundtable

*Anna Gauci, Assistant Public Guardian Policy
and Advocacy*

**NSW Steering Committee Prevention of
Abuse of Older People**

*Ruth Pollard, Director, Legal and Professional
Services, NSW Trustee & Guardian*

**NSW Supported Decision Making
Community of Practice**

Carolyn Smith, Senior Project Officer

Nicki Cummings, Project Officer

**NSW Supported-Decision Making Interest
Group (Cognitive Decline Partnership
Centre)**

*Anna Gauci, Assistant Public Guardian Policy
and Advocacy*

Planning for Later Life Forum

*Megan Osborne, Director Communications &
Engagement, NSW Trustee and Guardian*

**Risk Enablement Training Project Advisory
Committee**

*Anna Gauci, Assistant Public Guardian Policy
and Advocacy*

Supported Decision Making Network

*Anna Gauci, Assistant Public Guardian Policy
and Advocacy*

Trustee Corporations Association

*Adam Dent, Chief Executive Officer, NSW
Trustee & Guardian*

Upper Hunter Aboriginal Heritage Trust

*Adam Dent, Chief Executive Officer, NSW
Trustee & Guardian*

Appendix 6: Key Statutory Compliance Programs

As a NSW public sector organisation, NSWTG complies with government policies and reporting requirements. This includes external governance and compliance for business performance.

GST Compliance

NSWTG met corporate and trustee responsibilities for GST compliance in 2017-18.

Privacy Management

NSWTG took account of the privacy principles set out in *Privacy and Personal Information Protection Act 1998* and the *Health Records and Information Privacy Act 2002* in all areas of operation. NSWTG has also prepared privacy information sheets for each of our services.

Records Management

NSWTG continued implementation of the Records Management Improvement Plan. This includes establishing protocols with the NSW Government Records Repository for storage and retrieval of NSWTG records. NSWTG has implemented electronic document management across all operational areas.

Public Interest Disclosures

NSWTG is compliant with requirements under the *Public Interest Disclosures Act 1994*. Information on how to make public interest disclosures is provided to all staff through face to face training, e-learning and policies, procedures and factsheets on the intranet.

Information is also provided to external service providers on how to make disclosures in the NSWTG Statement of Business Ethics provided to all panel service providers for services for NSWTG clients.

There were no Public Interest Disclosures in 2017-18.

Appendix 7 Payment Performance Indicators 1 July 2017 to 30 June 2018

The following tables show performance for corporate payments. Information about processing of payments for clients is on page 34.

Quarter	Current	Less than 30 days overdue	Between 30 and 60 days	Between 61 and 90 days	More than 90 days overdue
	\$'000	\$'000	\$'000	\$'000	\$'000
All suppliers					
September	7,425	-	-	-	-
December	7,025	3	-	-	-
March	5,467	42	-	-	-
June	5,949	2	-	-	-
Small business suppliers					
September	95	-	-	-	-
December	74	-	-	-	-
March	108	-	-	-	-
June	97	-	-	-	-

Measure	Sep-17	Dec-17	Mar-18	Jun-18
All suppliers				
Invoices due for payment (#)	634	690	774	840
Invoices paid on time (#)	634	687	768	837
Actual percentage of invoices paid on time (based on number of invoices)	100%	99.60%	99.20%	99.60%
Amount due for payment (\$'000)	7,425	7,025	5,467	5,949
Amount paid on time (\$'000)	7,425	7,022	5,425	5,947
Actual percentage of invoices paid on time (based on \$)	100%	99.90%	99.20%	99.90%
Number of payments for interest on overdue accounts (#)	-	-	-	-
Interest paid on overdue accounts (\$'000)	-	-	-	-
Small business suppliers				
Invoices due for payment (#)	26	44	57	64
Invoices paid on time (#)	26	44	57	64
Actual percentage of invoices paid on time (based on # of invoices)	100%	100.00%	100%	100%
Amount paid on time (\$'000)	95	74	108	97
Amount due for payment (\$'000)	95	74	108	97
Actual percentage of invoices paid on time (based on \$)	100%	100%	100%	100%
Number of payments for interest on overdue accounts (#)	-	-	-	-
Interest paid on overdue accounts (\$'000)	-	-	-	-

Appendix 8: Disclosures

Consultants

NSWTG observed government policy on employment of consultants. As Trustee we are specifically excluded from the requirement of reporting the nature of these consultancies under the Schedule 1 of the Annual Reports (Statutory Bodies) Regulation 2015.

Credit card certification

NSWTG certify that credit card usage by employees complied with appropriate government policy, Premier's Memoranda and Treasurer's Directions.

Land disposal

There were no property disposals in 2017-18.

Overseas Travel

Necta Minas, Manager Disability Advocacy and Aspa Varvaressos, Principal Disability Advisory Officer travelled to Wellington New Zealand from 10 April – 13 April, 2018. They attended the New Zealand Disability Support Network Annual Conference 2018 – Making Change Real.

The Conference focused on change in the disability field with key topics including the NDIS experience in Australia and lessons learned for New Zealand.

Appendix 9: Internal Audit and Risk Management Attestation Statement

Internal Audit and Risk Management Attestation for the 2017-2018 Financial Year for NSW Trustee and Guardian

I, Adam Dent am of the opinion that the NSW Trustee and Guardian has internal audit and risk management processes in operation that are, excluding the exceptions or transitional arrangements described below, compliant with the eight (8) core requirements set out in the Internal Audit and Risk Management Policy for the NSW Public Sector, specifically:

Risk Management Framework

- 1.1 The agency head is ultimately responsible and accountable for risk management in the agency – **COMPLIANT – Defined in policy and risk management framework**
- 1.2 A risk management framework that is appropriate to the agency has been established and maintained and the framework is consistent with AS/NZS ISO 31000:2009 Internal Audit Function – **COMPLIANT**

Internal Audit Function

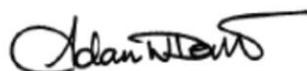
- 2.1 An internal audit function has been established and maintained – **COMPLIANT – Co-sourced model with an external service provider and internal Chief Audit Executive and compliance function.**
- 2.2 The operation of the internal audit function is consistent with the International Standards for the Professional Practice of Internal Auditing – **COMPLIANT**
- 2.3 The agency has an Internal Audit Charter that is consistent with the content of the 'model charter' – **COMPLIANT – Model charter used**

Audit and Risk Committee

- 3.1 An independent Audit and Risk Committee with appropriate expertise has been established – **COMPLIANT**
- 3.2 The Audit and Risk Committee is an advisory committee providing assistance to the agency head on the agency's governance processes, risk management and control frameworks, and its external accountability obligations – **COMPLIANT – Defined in the Audit and Risk Committee Charter**
- 3.3 The Audit and Risk Committee has a Charter that is consistent with the content of the 'model charter' – **COMPLIANT – Model charter used**

The Chair and Members of the Audit and Risk Committee are:

- Independent Chair, Ian Gillespie, 1 March 2012 to 30 June 2018
- Independent Member, Paul Crombie, 1 July 2011 to 30 June 2018
- Independent Member, Gul Izmir, 7 December 2015 to 30 June 2018



Chief Executive Officer
NSW Trustee and Guardian

Contact Officer:
Michelle Batterham, Chief Audit Executive
Locked Bag 5115
Parramatta NSW 2124
Email: michelle.batterham@tag.nsw.gov.au

Appendix 10 – Digital Information Security Attestation Statement

Digital Information Security Annual Attestation Statement for the 2017-2018 Financial Year for the NSW Trustee & Guardian

I, Adam Dent, am of the opinion that:

NSW Trustee & Guardian had an Information Security Management System in place during the 2017-2018 financial year that is consistent with some of the Core Requirements set out in the NSW Government Digital Information Security Policy.

The controls in place to mitigate identified risks to the digital information and digital information systems of NSW Trustee & Guardian are undergoing review. We have determined improvements to controls are required in the following areas:

- Information classification labelling and handling – Information classification and labelling is not consistently applied across the organisation. This is due to insufficient training and tools not in place to enable classification and labels to be easily applied. This will be improved during the 2018-19 financial year.
- Training and awareness – Training new employees on their Information Security responsibilities is not consistently applied. Justice Digital Technology Services are developing a Cyber Security training program that will be rolled out for new and existing staff.

There is no agency under the control of NSW Trustee & Guardian which is required to develop an independent ISMS in accordance with the NSW Government Digital Information Security Policy.

Risks to the digital information and digital information systems of NSW Trustee & Guardian have been assessed with an independent ISMS developed in accordance with the NSW Government Digital Information Security Policy.



Adam Dent
Chief Executive Officer
NSW Trustee & Guardian



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Statement in Accordance with Section 41C Public Finance and Audit Act 1983

NSW TRUSTEE AND GUARDIAN

STATEMENT IN ACCORDANCE WITH SECTION 41C PUBLIC FINANCE AND AUDIT ACT 1983

Pursuant to Section 41C of the *Public Finance and Audit Act 1983*, I declare that in my opinion:

- a) The accompanying financial statements exhibit a true and fair view of the financial position as at 30 June 2018 and transactions for the year ended 30 June 2018;
- b) The financial statements have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the provisions of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2015* and the Financial Reporting Directions mandated by the Treasurer; and
- c) As at the date of this statement, I am not aware of any circumstances, which would render any particulars included in the financial statements to be misleading or inaccurate.



Adam Dent
Chief Executive Officer

28 September 2018

Independent Auditors Report



INDEPENDENT AUDITOR'S REPORT

NSW Trustee and Guardian

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the NSW Trustee and Guardian, which comprise the Statement of Comprehensive Income for the year ended 30 June 2018, the Statement of Financial Position as at 30 June 2018, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the NSW Trustee and Guardian as at 30 June 2018, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the NSW Trustee and Guardian in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

Other information comprises the information included in the annual report of the NSW Trustee and Guardian for the year ended 30 June 2018, other than the financial statements and my Independent Auditor's Report thereon. The Chief Executive Officer of NSW Trustee and Guardian is responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Chief Executive Officer.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Chief Executive Officer's Responsibility for the Financial Statements

The Chief Executive Officer (CEO) is responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act, and for such internal control as the CEO determines is necessary to enable the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the CEO is responsible for assessing NSW Trustee and Guardian's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the agency will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does *not* provide assurance:

- that NSW Trustee and Guardian carried out its activities effectively, efficiently and economically
- about the assumptions used in formulating the budget figures disclosed in the financial statements
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



David Daniels
Director, Audit Service Services

28 September 2018
SYDNEY

Statement of comprehensive income for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
Expenses excluding losses				
Personnel services	2(a)	51,407	58,063	35,316
Other operating expenses	2(b)	23,684	21,251	24,739
Depreciation and amortisation	2(c)	4,410	5,067	4,872
Total Expenses excluding losses		79,501	84,381	64,927
Revenue				
Sale of services	3(a)	68,371	61,240	59,994
Investment revenue	3(b)	6,016	3,955	6,339
Grants and contributions	3(c)	17,300	15,455	28,559
Acceptance by Crown Entity of personnel services liabilities	3(d)	805	-	492
Other revenue	3(e)	374	482	3,469
Total Revenue		92,866	81,132	98,853
Operating result		13,365	(3,249)	33,926
Other Gains/(Losses)	4	(4,555)	-	(5)
Net result		8,810	(3,249)	33,921
Other comprehensive income				
<i>Items that will not be reclassified to net result</i>				
Net Increase in property, plant and equipment revaluation surplus	9	6,428	-	1,193
Total other comprehensive income		6,428	-	1,193
TOTAL COMPREHENSIVE INCOME		15,238	(3,249)	35,114

The accompanying notes form part of these financial statements.

Statement of financial position as at 30 June 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
ASSETS				
Current Assets				
Cash and cash equivalents	5	27,044	6,265	29,428
Receivables	6	25,749	29,695	21,610
Financial assets at fair value		-	10,570	-
		52,793	46,530	51,038
Non-current assets held-for-sale	7	6,627	-	-
Total Current Assets		59,420	46,530	51,038
Non-Current Assets				
Financial assets at fair value	8	62,921	29,392	57,368
Property, plant and equipment	9,11			
- Land and buildings		23,493	24,364	24,906
- Plant and equipment		4,243	18,796	5,794
Total property, plant and equipment		27,736	43,160	30,700
Intangible assets	10	13,500	21,095	14,849
Total Non-Current Assets		104,157	93,647	102,917
Total Assets		163,577	140,177	153,955
LIABILITIES				
Current Liabilities				
Payables	12	3,681	7,483	11,481
Provisions	13(a)	23,967	25,859	21,887
Total Current Liabilities		27,648	33,342	33,368
Non-Current Liabilities				
Provisions	13(b)	332	8	164
Other	13(c)	225	371	289
Total Non-Current Liabilities		557	379	453
Total Liabilities		28,205	33,721	33,821
Net Assets		135,372	106,456	120,134
EQUITY				
Reserves		14,391	7,962	7,963
Accumulated funds		120,981	98,494	112,171
Total Equity		135,372	106,456	120,134

The accompanying notes form part of these financial statements.

Statement of changes in equity for the year ended 30 June 2018

	Notes	Accumulated Funds \$'000	Asset Revaluation Surplus \$'000	Total \$'000
Balance at 1 July 2017		112,171	7,963	120,134
Net result for the year		8,810	-	8,810
Other comprehensive income:				
Net increase in property, plant and equipment	9	-	6,428	6,428
Total other comprehensive income		-	6,428	6,428
Total comprehensive income for the year		8,810	6,428	15,238
Balance at 30 June 2018		120,981	14,391	135,372
Balance at 1 July 2016		(3,078)	6,770	3,692
Net result for the year		33,921	-	33,921
Other comprehensive income:				
Net increase in property, plant and equipment	9	-	1,193	1,193
Total other comprehensive income		-	1,193	1,193
Total comprehensive income for the year		33,921	1,193	35,114
Transaction with owners in their capacity as owners				
Defined benefit liability assumed by Crown	1 (n) (iv)	81,328	-	81,328
Balance at 30 June 2017		112,171	7,963	120,134

The accompanying notes form part of these financial statements.

Statement of cash flows for the year ended 30 June 2018

	Notes	Actual 2018 \$'000	Budget 2018 \$'000	Actual 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Payments				
Personnel Services		(48,721)	(58,064)	(68,592)
Operating expenses		(37,775)	(30,211)	(23,625)
Total Payments		(86,496)	(88,275)	(92,217)
Receipts				
Sale of services		65,760	61,240	63,951
Investment revenue received		668	2,021	443
Grants and contributions		17,205	15,455	19,654
Other		5,643	5,923	16,668
Total Receipts		89,276	84,639	100,716
NET CASH FLOWS FROM OPERATING ACTIVITIES	17	2,780	(3,636)	8,499
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sale of investments		-	20,321	-
Purchase of investments		-	(1,578)	-
Purchases of land and buildings, plant and equipment		(528)	(15,005)	(745)
Other		(4,636)	(6,027)	(7,563)
NET CASH FLOWS FROM INVESTING ACTIVITIES		(5,164)	(2,289)	(8,308)
NET CASH FLOWS FROM FINANCING ACTIVITIES		-	-	-
NET INCREASE/ (DECREASE) IN CASH AND CASH EQUIVALENTS		(2,384)	(5,925)	191
Opening cash and cash equivalents		29,428	12,190	29,237
CLOSING CASH AND CASH EQUIVALENTS	5	27,044	6,265	29,428

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2018

1 Summary of Significant Accounting Policies

(a) Reporting entity

NSW Trustee and Guardian is a NSW government entity and is controlled by the State of New South Wales, which is the ultimate parent.

NSW Trustee and Guardian is a not-for-profit entity (as profit is not its principal objective) and it has no cash generating units. The reporting entity is consolidated as part of the NSW Total State Sector Accounts.

NSW Trustee and Guardian as a reporting entity, comprises all the operating activities under its control. NSW Trustee and Guardian includes the financial results of the operations of the Public Guardian. The Public Guardian is separate in its functions but reports to the Chief Executive Officer of NSW Trustee and Guardian.

These financial statements of NSW Trustee and Guardian for the year ended 30 June 2018 have been authorised for issue by Adam Dent, Chief Executive Officer on 28 September 2018.

(b) Basis of preparation

NSW Trustee and Guardian's financial statements are general purpose financial statements which have been prepared on an accrual basis and in accordance with:

- applicable Australian Accounting Standards (which include Australian Accounting Interpretations)
- the requirements of the *Public Finance and Audit Act 1983* and *Public Finance and Audit Regulation 2015* and
- the Financial Reporting Directions mandated by the Treasurer.

The financial statements have been prepared on a going concern basis, after taking into account future revenue streams. Cashflow forecasts demonstrate that the NSW Trustee and Guardian will have sufficient funds to pay its debts as and when they are due at least for the next 12 months from the end of the reporting period.

Property, plant and equipment, assets held for sale and financial assets at 'fair value through profit or loss' are measured at fair value. Other financial statement items are prepared in accordance with the historical cost convention except where specified otherwise.

Judgements, key assumptions and estimations management has made are disclosed in the relevant notes to the financial statements.

All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency.

(c) Statement of compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

(d) Insurance

NSW Trustee and Guardian's insurance activities are conducted through the NSW Treasury Managed Fund Scheme of self-insurance for Government entities. The expense (premium) is determined by the Fund Manager based on past claims experience. The TMF is managed by Insurance and Care NSW (icare), a controlled entity of the ultimate parent.

(e) Accounting for the Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except that:

- the amount of GST incurred by NSW Trustee and Guardian as a purchaser that is not recoverable from the Australian Taxation Office is recognised as part of an asset's cost of acquisition or as part of an item of expense and
- receivables and payables are stated with the amount of GST included.

Cash flows are included in the statement of cash flows on a gross basis. However, the GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Taxation Office are classified as operating cash flows.

(f) Income recognition

Income is measured at the fair value of the consideration or contribution received or receivable. Comments regarding the accounting policies for the recognition of income of NSW Trustee and Guardian are discussed below.

i) Rendering of services

Revenue from rendering of services is recognised when the service is provided or by reference to the stage of completion (based on labour hours incurred to date).

Commissions and fees

- Commissions and fees for trustee matters are recognised at the time the charges are levied. The rates and timing of charges are governed by the *NSW Trustee and Guardian Regulation 2017*.
- Fees from clients are recognised on an accrual basis, when service is provided.
- NSW Trustee and Guardian charges a percentage value of the total value of chargeable assets in a client's estate for the financial management of that estate. Fees include management fees, investment fees, and other fees while retaining NSW Trustee and Guardian's power to recover additional costs incurred, where applicable, from the Common Fund, refer to Note 18.

ii) NSW Government contributions and grants

NSW Government contributions include funding for the operations of the Public Guardian and other grants received from the NSW Government for the current year.

These are recognised as revenue when NSW Trustee and Guardian obtains control over the assets comprising the contributions. NSW Trustee and Guardian is deemed to have assumed control when the grant is received or receivable.

Community service obligation - NSW Trustee and Guardian receives a grant from Treasury to enable access by the community to professional executor or will services, professional services in management of non-commercial trusts and professional financial management services for those with low-income or limited assets. The grant is recognised as revenue when NSW Trustee and Guardian obtains control over the assets comprising the grant.

iii) Common Fund transfers

Transfers from the Common Fund Reserves are recognised in the period in which they are determined to be receivable by NSW Trustee and Guardian.

iv) Investment revenue

Interest revenue is recognised using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

Distribution revenue is recognised when NSW Trustee and Guardian's right to receive payment has been established. This is re-invested in units during the reporting period to which the distribution relates, refer to Note 1(j)(i)(a).

(g) Property, plant and equipment

(i) Acquisitions of property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Cost is the amount of cash or cash equivalents paid or the fair value of the other consideration given to acquire the asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the requirements of other Australian Accounting Standards.

Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at measurement date.

Where payment for an asset is deferred beyond normal credit terms, its cost is the cash price equivalent; i.e. deferred payment amount is effectively discounted over the period of credit.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

(ii) Capitalisation thresholds

Property, plant and equipment, and intangible assets costing \$10,000 and above individually (or forming part of a network costing more than \$10,000) are capitalised.

(iii) Major inspection costs

When a major inspection is performed, its costs are recognised in the carrying amount of the plant and equipment as a replacement, if the recognition criteria are satisfied.

(iv) Restoration costs

The present value of the expected cost for the restoration or cost of dismantling of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

(v) Maintenance

Day-to-day servicing costs or maintenance are charged as expenses as incurred, except where they relate to the replacement of a part or component of an asset, in which case the costs are capitalised and depreciated.

(vi) Depreciation of property, plant and equipment

Depreciation is provided for on a straight-line basis for all depreciable assets so as to write off the depreciable amount of each asset as it is consumed over its useful life to NSW Trustee and Guardian.

All material identifiable components of assets are depreciated separately over their useful lives.

Land is not a depreciable asset.

The estimated useful lives of the major classes of assets of NSW Trustee and Guardian are as follows:

	Years
Building	13-39
Computer equipment	3-5
Leasehold Improvements and office refurbishments	2-10
Plant and equipment	4-20

Leasehold improvements are amortised over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter.

(vii) Revaluation of property, plant and equipment

Physical non-current assets are valued in accordance with the 'Valuation of Physical Non-Current Assets at Fair Value' Policy and Guidelines Paper (TPP 14-01). This policy adopts fair value in accordance with AASB 13 *Fair Value Measurement* and AASB 116 *Property, Plant and Equipment*.

Property, plant and equipment is measured at the highest and best use by market participants that is physically possible, legally permissible and financially feasible. The highest and best use must be available at a period that is not remote and takes into account the characteristics of the asset being measured, including any socio-political restrictions imposed by government. In most cases, after taking into account these considerations, the highest and best use is the existing use. In limited circumstances, the highest and best use may be a feasible alternative use, where there are no restrictions on use or where there is a feasible higher restricted alternative use.

Fair value of property, plant and equipment is based on a market participant's perspective, using valuation techniques (market approach, cost approach, income approach) that maximise relevant observable inputs and minimise unobservable inputs. Also refer to Note 9 and Note 11 for further information regarding fair value.

Revaluations shall be made with sufficient regularity to ensure the carrying amount of each asset in the class does not differ materially from its fair value at reporting date. NSW Trustee and Guardian conducts a comprehensive revaluation at least every three years for its land and buildings where the market or income approach is the most appropriate valuation technique and at least every five years for other classes of property, plant and equipment. A comprehensive revaluation was completed on 31 March 2018 and was based on an independent assessment. NSW Trustee and Guardian used external professionally qualified valuers to conduct the comprehensive revaluation.

Interim revaluations are conducted between comprehensive revaluations where cumulative changes to indicators suggest fair value may differ materially from carrying amount.

Non-specialised assets with short useful lives are measured at depreciated historical cost as an approximation of fair value of property, plant and equipment. NSW Trustee and Guardian has assessed that any difference between fair value and depreciated historical cost is unlikely to be material.

For other assets valued using other valuation techniques, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

As a not-for-profit entity, revaluation increments and decrements are offset against one another within a class of non-current assets, but not otherwise.

When revaluing non-current assets using the cost approach, the gross amount and the related accumulated depreciation are separately restated.

Where an asset that has previously been revalued is disposed of, any balance remaining in the revaluation surplus in respect of that asset is transferred to accumulated funds.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end.

(viii) Impairment of property, plant and equipment

As a not-for-profit entity with no cash generating units, impairment under AASB 136 *Impairment of Assets* is unlikely to arise. As property, plant and equipment is carried at fair value, impairment can only arise in the rare circumstances such as where the costs of disposal are material. Specifically, impairment is unlikely for not-for-profit entities given that AASB 136 modifies the recoverable amount test for non-cash generating assets of not-for-profit entities to the higher of fair value less costs of disposal and depreciated replacement cost, where depreciated replacement cost is also fair value.

NSW Trustee and Guardian assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, NSW Trustee and Guardian estimates the asset's recoverable amount. When the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

As a not for-profit entity, an impairment loss is recognised in the net result to the extent the impairment loss exceeds the amount in the revaluation surplus for the class of asset.

(h) Leases

A distinction is made between finance leases which effectively transfer from the lessor to the lessee substantially all the risks and rewards incidental to ownership of the leased assets, and operating leases under which the lessor does not transfer substantially all the risks and rewards.

Where a non-current asset is acquired by means of a finance lease, at the commencement of the lease term, the asset is recognised at its fair value or, if lower, the present value of the minimum lease payments, at the inception of the lease. The corresponding liability is established at the same amount. Lease payments are allocated between the principal component and the interest expense in the Statement of Comprehensive Income.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

(i) Intangible Assets

NSW Trustee and Guardian recognises intangible assets only if it is probable that future economic benefits will flow to NSW Trustee and Guardian and the cost of the asset can be measured reliably. Intangible assets are measured initially at cost. Where an asset is acquired at no or nominal cost, the cost is its fair value as at the date of acquisition. Following initial recognition, intangible assets are subsequently measured at fair value only if there is an active market. If there is no active market for the entity's intangible assets, the assets are carried at cost less any accumulated amortisation and impairment losses.

The useful lives of intangible assets are assessed to be finite.

NSW Trustee and Guardian's intangible assets are amortised using the straight line method over 3-10 years.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period.

Intangible assets are tested for impairment where an indicator of impairment exists. If the recoverable amount is less than its carrying amount, the carrying amount is reduced to recoverable amount and the reduction is recognised as an impairment loss.

(j) Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the net result.

NSW Trustee and Guardian determines the classification of its financial assets and liabilities after initial recognition and, when allowed and appropriate, re-evaluates this at each financial year end.

(i) Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, or as Loans and Receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

(a) Financial assets at fair value through profit or loss

NSW Trustee and Guardian subsequently measures financial assets classified as 'held-for-trading' or designated upon initial recognition 'at fair value through profit or loss' at fair value. Gains or losses on these assets are recognised in the net result for the year. Financial assets are classified as 'held-for-trading' if they are acquired for the purpose of selling or repurchasing in the near term.

The TCorpIM long Term Fund Investments are designated at fair value through profit or loss as these are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management strategy, and information about these assets is provided internally on that basis to NSW Trustee and Guardian's key management personnel.

The movement in the fair value of the TCorpIM Long Term Growth Fund Investments incorporates distributions received as well as unrealised movements in fair value and is reported in the line item 'investment revenue'.

(b) Loans and receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as receivables. Receivables are measured at amortised cost using the effective interest method, less any impairment. Changes are recognised in the net result for the year when impaired, derecognised or through the amortisation process.

Short-term receivables with no stated interest rate are measured at the original invoice amount unless the effect of discounting is material.

(c) Impairment of financial assets

All financial assets, except those at fair value through profit and loss, are subject to an annual review for impairment. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected.

For certain categories of financial assets, such as trade receivables, the entity first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Assets are assessed for impairment on a collective basis if they were assessed not to be impaired individually.

For financial assets carried at amortised cost, the amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the net result for the year.

Any reversals of impairment losses are reversed through the net result for the year, where there is objective evidence. Reversals of impairment losses of financial assets carried at amortised cost cannot result in a carrying amount that exceeds what the carrying amount would have been had there not been an impairment loss.

(ii) Financial liabilities

(a) Financial liabilities at amortised cost (including trade payables)

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. These are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Payables represent liabilities for goods and services provided to the entity and other amounts. Short-term payables with no stated interest rate are measured at the original invoice amount where the effect of discounting is immaterial.

(iii) Derecognition of financial assets and financial liabilities

A financial asset is derecognised when the contractual rights to the cash flows from the financial assets expire; or if NSW Trustee and Guardian transfers the financial asset:

- where substantially all the risks and rewards have been transferred or
- where NSW Trustee and Guardian has not transferred substantially all the risks and rewards, if NSW Trustee and Guardian has not retained control.

Where NSW Trustee and Guardian has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of NSW Trustee and Guardian's continuing involvement in the asset. In that case, the entity also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the entity has retained.

A financial liability is derecognised when the obligation specified in the contract is discharged or cancelled or expires.

(k) Non-current assets held for sale

The NSW Trustee and Guardian has certain land and building non-current assets classified as held-for-sale, where their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held-for-sale are recognised at the lower of their carrying amount and fair value less costs of disposal. An impairment loss is recognised for any initial or subsequent write down of the asset to fair value less costs to sell. These assets are not depreciated / amortised while they are classified as held-for-sale.

(l) Personnel Services Expenses and Provisions

(i) Personnel Services Expenses

The Department of Justice provides employees to NSW Trustee and Guardian to enable it to carry out functions under the *NSW Trustee and Guardian Act 2009*.

The expense and liabilities due to the Department of Justice are classified as "Personnel services" in the Statement of comprehensive income and "Provisions" in the Statement of financial position (specified in NSWTC 15/07).

Personnel services expenses include salaries and wages and other costs for these services. Salaries and wages (including non-monetary benefits) and paid sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the service are recognised and measured at the undiscounted amounts of the benefits.

Unused non-vesting sick leave does not give rise to a liability as it is not considered probable that sick leave taken in the future will be greater than the benefits accrued in the future.

(ii) Personnel Services Provisions

Personnel services provisions comprise NSW Trustee and Guardian's liability to the Department of Justice for annual leave, long service leave and superannuation arising from personnel services rendered by the Department of Justice to balance date. All annual leave is classified as a current liability even where the entity does not expect to settle the liability within 12 months as the entity does not have an unconditional right to defer settlement.

Annual leave is not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. As such, it is required to be measured at present value in accordance with AASB 119 *Employee Benefits*. Actuarial advice obtained by NSW Treasury has confirmed that using the nominal annual leave balance plus the annual leave entitlements accrued while taking annual leave (calculated using 7.9% of the nominal value of annual leave) can be used to approximate the present value of the annual leave liability. The NSW Trustee and Guardian has assessed the actuarial advice based on the NSW Trustee and Guardian's circumstances and has determined that the effect of discounting is immaterial to annual leave.

NSW Trustee and Guardian is a member of the Agency Funded Crown Long Service Leave Pool (the pool). The Department of Justice contributes to the pool on behalf of NSW Trustee and Guardian. The amount expected to be reimbursed by the Crown Entity is recognised as a personnel services receivable (refer note 6).

Long service leave is measured at the present value of expected future payments to be made in respect of services provided up to the reporting date. Consideration is given to certain factors based on actuarial review, including expected future wage and salary levels, experience of employee departures, and periods of service. Expected future payments are discounted using Commonwealth government bond rate at the reporting date.

Prior to 1 January 2017, the personnel services liability relating to defined benefit superannuation was actuarially assessed at each reporting date, and was measured at the present value of the estimated future payments. The amount recognised was the net total of the present value of the defined benefit obligation at the reporting date, minus the fair value at that date of any defined benefit plan assets, out of which the obligation was to be settled directly.

The actuarial assessment of superannuation used the Projected Unit Credit Method and reflected estimated future salary increases and the benefits set out in the terms of the plan. The liabilities were discounted using the market yield rate on government bonds of similar maturity to those obligations. Actuarial assumptions were unbiased and mutually compatible and financial assumptions based on market experience for the period over which the obligations are to be settled.

As the Department of Justice provides personnel services to NSW Trustee and Guardian, defined benefit superannuation liabilities were recognised within personnel services provisions. All re-measurements arising from defined benefit plans were recognised in personnel services expenses in the year in which they occurred.

NSW Trustee and Guardian's net defined benefit superannuation liabilities were transferred to the Crown from 1 January 2017. The transfer was accounted for as an equity transfer in the year 2016-17. Refer to note 1(n)(iv).

From 1 January 2017 onwards, NSW Trustee and Guardian accounts for notional personnel services relating to defined benefit superannuation liability assumed by the Crown, as a non-monetary revenue item described as 'Acceptance by the Crown Entity of personnel services provisions'. The superannuation expense for the period is determined by using the formulae specified in the Treasurer's Directions. The expense for certain superannuation schemes (i.e. Basic Benefit and First State Super) is calculated as a percentage of the employees' salary. For other superannuation schemes (i.e. State Superannuation Scheme and State Authorities Superannuation Scheme), the expense is calculated as a multiple of the employees' superannuation contributions.

(iii) Consequential on-costs

Consequential costs to employment are recognised as liabilities and expenses where the employee benefits to which they relate have been recognised. This includes outstanding amounts of payroll tax, workers' compensation insurance premiums and fringe benefits tax.

(m) Other Provisions

Other provisions exist when: NSW Trustee and Guardian has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of resources will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted at the 10 year government bond rate of 2.70% which is a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time (i.e. unwinding of discount rate) is recognised as a finance cost.

(n) Equity and reserves

(i) Revaluation surplus

The revaluation surplus is used to record increments and decrements on the revaluation of non-current assets. This accords with NSW Trustee and Guardian's policy on the revaluation of property, plant and equipment as discussed in note 1(g)(vii).

(ii) Accumulated Funds

The category 'Accumulated Funds' includes all current and prior period retained funds.

(iii) Separate reserve accounts are recognised in the financial statements only if such accounts are required by specific legislation or Australian Accounting Standards (e.g. revaluation surplus).

(iv) Equity Transfers

The transfer of the personnel services liability relating to defined benefit superannuation assumed by the Crown at fair value on 1 January 2017 is designated as a contribution by owners and recognised as an adjustment to 'Accumulated funds' in 2016-17. This treatment is consistent with AASB 1004 and Australian Interpretation 1038 'Contributions by Owners Made to Wholly-Owned Public Sector Entities'. There were no equity transfers in 2017-18

(o) Trust Fund

The NSW Trustee and Guardian receives monies in a trustee capacity for various trusts as set out in Note 18. As the entity performs only a custodial role in respect of these monies, and because the monies cannot be used for the achievement of the entity's own objectives, these funds are not recognised in the financial statements.

(p) Fair value measurement and hierarchy

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability.

A number of NSW Trustee and Guardian's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. When measuring fair value, the valuation technique used maximises the use of relevant observable inputs and minimises the use of unobservable inputs. Under AASB 13, the NSW Trustee and Guardian categories, for disclosure purpose, the valuation techniques based on the inputs used in the valuation techniques as follows:

- Level 1 – quoted prices in active markets for identical assets/liabilities that the NSW Trustee and Guardian can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3 – inputs that are not based on observable market data (unobservable inputs).

The NSW Trustee and Guardian recognises transfers between levels of the fair value hierarchy at the end of reporting period during which the change has occurred.

Refer Note 11 and Note 19 for further disclosures regarding fair value measurements of financial and non-financial assets.

(q) Budgeted amounts

The budgeted amounts are drawn from the original budgeted financial statements presented to Parliament in respect of the reporting period. Any subsequent amendments to the original budget are not reflected in the budgeted amounts.

Financial statements presented to Parliament does not include Statement of Cash Flows. The Statement of Cash Flows report cash flows during the period classified by operating, investing and financing activities and separately disclose certain cash flows. Cash flows are presented on a gross basis. NSW Treasury mandates the direct method of reporting cash flows from operating activities.

Cash flows from interest and dividends received and paid are disclosed separately. NSW Treasury mandates interest paid, interest received and dividends received as operating cash flows and dividends paid as financing cash flows.

Major variances between the original budgeted amounts and the actual amounts disclosed in the primary financial statements is explained in Note 16.

(r) Comparative information

Except when an Australian Accounting Standard permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

(s) Reclassification of financial information

When making changes in presentation or classification NSW Trustee and Guardian reclassifies its comparative information, unless impracticable to do so. In 2017-18 cost of permanent positions filled by temporary contractors amounting to \$6.6 million was excluded from personnel services expenses (note 2(a)) and classified as contractor expenses forming part of total other operating expenses (note 2 (b)) in accordance with NSW Treasury advice. Accordingly comparative cost of temporary contractors for 2016-17 (\$6.2 million) was reclassified on the same basis to maintain consistency of presentation.

(t) Changes in accounting policy, including new or revised Australian Accounting Standards

(i) Effective for the first time in 2017-18

The accounting policies applied in 2017-18 are consistent with those of the previous financial year except as a result of the following new or revised Australian Accounting Standards that have been applied for the first time in 2017-18

Reference	Description	Operative Date
AASB 2016-1	Amendments to Australian Accounting Standards - Recognition of deferred tax assets and unrealised losses	1-Jan-17
AASB 2016-2	Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 107	1-Jan-17
AASB 2016-4	Amendments to Australian Accounting Standards - Recoverable Amount of Non cash generating specialised assets for not for profit entities.	1-Jan-17
AASB 2017-2	Amendments to Australian Accounting Standards - Further Annual Improvements 2014-2016 Cycle	1-Jan-17

The adoption of these standards did not have a material impact on NSW Trustee and Guardian's financial statements.

ii) Issued but not yet effective

NSW public sector agencies are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise.

The following new Australian Accounting Standards have not been applied and are not yet effective:

Reference	Description	Effective
AASB 9	Financial Instruments	2018-19
AASB 15	Revenue from Contracts with Customers	2018-19
AASB 2014-5, 2015-8, 2016-3	Amendments to Australian Accounting Standards arising from AASB 15, its effective date and clarifications.	2018-19
AASB 16	Leases	2019-20
AASB 1058	Income of Not for profit Entities	2019-20
AASB 2016-5	Amendments to Australian Accounting Standards - Classification and Measurement of share based payment transactions	2018-19
AASB 2016-6	Amendments to Australian Accounting Standards - Applying AASB 9 with AASB 4 Insurance Contracts.	2018-19
AASB 2016-7	Amendments to Australian Accounting Standards - Deferral of AASB 15 for Not for Profit Entities.	2019-20
AASB 2016-8	Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not for Profit Entities	2019-20
AASB 2017-1	Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and other Amendments	FP: 2018-19 NFP: 2019-20
Interpretation 22	Foreign Currency Transactions and Advance Consideration	2018-19

The new standard AASB 16 for leases will result in almost all leases being recognised on the balance sheet, the only exceptions being short-term and low-value leases. The standard will require lessees of leases within the scope of AASB 16 to recognise a 'right-of-use asset' and related lease liability, being the present value of future lease payments.

The standard is not expected to have a material impact, however it will result in Trustee and Guardian's operating leases being recognised on the Statement of Financial Position for the first time. This will result in an immaterial increase in the recognised assets and liabilities in the Statement of Financial Position as well as an immaterial change in expense recognition, with interest and depreciation replacing operating lease expense.

2 Expenses Excluding Losses

	2018 \$'000	2017 \$'000
(a) Personnel services		
Salaries and wages (including annual leave) ¹	42,812	52,209
Superannuation - defined benefit plans ²	-	(26,234)
Superannuation - defined benefit costs assumed by Crown ³	805	492
Superannuation - defined contribution plans	3,403	3,589
Long service leave	1,908	1,922
Worker's compensation insurance ⁴	(105)	132
Payroll tax and fringe benefits tax	2,584	3,206
Total personnel services	51,407	35,316

These relate to expenses for personnel services provided by the Department of Justice.

¹ Includes redundancy payments of \$1.1 million (\$9 million in 2016-17).

² Includes actuarial gain of \$28.7 million in 2016-17.

³ Notional defined benefit super expense assumed by Crown.

⁴ Includes hindsight premium refunds received for previous years amounting to \$0.3 million.

(b) Other operating expenses

	2018 \$'000	2017 \$'000
Auditor's remuneration - audit of financial statements:		
- NSW Trustee and Guardian	225	224
- Common Fund	235	202
Operating lease rental expenses		
Motor vehicle lease	51	73
Rent expense - non-government buildings	3,645	4,894
Maintenance	2,920	1,608
Insurance	208	209
Consultants	200	-
Advertising	1,340	752
Internal audit fees	120	551
Contractor expenses	6,585	6,224
Fees for services rendered	4,780	7,138
Gas and electricity	357	378
Office supplies	315	230
Postal and telephone	1,815	1,344
Travel expenses	303	262
Training and development	461	326
Other	124	324
Total other operating expenses	23,684	24,739

(c) Depreciation and amortisation expense

	2018 \$'000	2017 \$'000
Depreciation		
Buildings	592	561
Plant and equipment	2,083	3,706
Total depreciation	<u>2,675</u>	<u>4,267</u>
Amortisation		
Intangible assets	1,735	605
Total amortisation	<u>1,735</u>	<u>605</u>
Total depreciation and amortisation	<u>4,410</u>	<u>4,872</u>

3 Revenue

(a) Sale of services

	2018 \$'000	2017 \$'000
Rendering of Services		
Commissions and fees	35,989	31,299
Trustee fees	7,614	6,028
Private management supervision fees	852	886
Common Fund management fees	23,916	21,781
Total sale of services	<u>68,371</u>	<u>59,994</u>

(b) Investment revenue

	2018 \$'000	2017 \$'000
Interest revenue from financial assets not at fair value through profit or loss	463	410
TCorpIM Investment designated at fair value through profit or loss*	5,553	5,929
Total investment revenue	<u>6,016</u>	<u>6,339</u>

*This includes unrealised gain of \$1.3 million (gain of \$2.2 million in 2016-17).

(c) Grants and contributions

	2018	2017
	\$'000	\$'000
Funding for the operations of the Public Guardian	8,732	8,313
Community service obligation	5,112	5,112
Contribution from NSW Government *	3,456	15,134
Total grants and contributions	17,300	28,559

*This includes \$0.9 million grant receivable from NSW Treasury through Department of Justice for redundancy payments made to employees as a result of the implementation of the 2017 and Beyond Transformation business case. (\$9 million in 2016-17). Refer to Note 2(a)

(d) Acceptance by Crown Entity of personnel services liabilities

	2018	2017
	\$'000	\$'000
Notional defined benefit super	763	467
Notional payroll tax on defined benefit super	42	25
Total personnel services liabilities assumed by Crown	805	492

From 1 January 2017 Crown assumed defined benefit super liabilities of NSW Trustee and Guardian.

As a result a notional amount equivalent to defined benefit super expense NSW Trustee and Guardian would have otherwise incurred is recognised as expense and revenue. Refer to Note 2 (a).

(e) Other revenue

	2018	2017
	\$'000	\$'000
Refund of working expenses from clients - <i>NSW Trustee and Guardian Regulation 26</i>	325	345
Transfer from the Common Fund*	-	3,000
Other	49	124
Total other revenue	374	3,469

*Other Revenue in 2016-17 includes a transfer from the proceeds of the former Public Trustee NSW Common Fund's Interest Suspense Account. Under Schedule 1, Part 2, 16 (1)(c) of the *NSW Trustee and Guardian Act 2009*, the Interest Suspense Account may be applied for the current and future costs incurred by the NSW Trustee and Guardian in the exercise of its functions under the Act. Payment out of Section(1)(c) is in accordance with NSW Trustee and Guardian's approved Budget for 2016-17. Funds available for NSW Trustee and Guardian's use in the Interest Suspense Account were fully exhausted in 2016-17 and therefore no future transfers can occur.

4 Other Gains/(Losses)

	2018 \$'000	2017 \$'000
Impairment on receivables	(5)	(5)
Impairment on assets held for sale (Note 7)	(621)	-
Impairment on intangible assets (Note 10)	(3,929)	-
Total other gains/(losses)	(4,555)	(5)

5 Current Assets - Cash and Cash Equivalents

	2018 \$'000	2017 \$'000
Cash at bank and on hand	27,044	29,428
Total cash and cash equivalents	27,044	29,428

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at bank and cash on hand.

Cash and cash equivalents recognised in the Statement of Financial Position are reconciled to the Statement of cash flows.

Refer to Note 19 for details regarding credit risk, liquidity risk and market risk arising from financial instruments.

6 Current Assets – Receivables

	2018 \$'000	2017 \$'000
Sale of services	3,472	1,802
Allowance for impairment	(1)	(1)
Other debtors	1,284	1,356
Accrued income	4,208	3,476
Personnel services	16,329	14,951
Prepayments	178	26
GST receivable	279	-
Total receivables	25,749	21,610

(a) Movement in the allowance for impairment

Balance at 1 July	1	1
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in profit or loss	-	-
Balance at 30 June	1	1

Details regarding credit risk, liquidity risk and market risk including financial assets that are either past due or impaired, are disclosed in Note 19.

7 Non-Current Assets - Held for Sale

	2018 \$'000	2017 \$'000
Assets held-for-sale		
Land and buildings	6,627	-
	6,627	-

NSW Trustee and Guardian decided to sell land and buildings considered surplus to its operations and engaged Property NSW in May 2018 to sell these properties. The properties were originally used as offices and the sale is expected to be completed before 30 June 2019.

As a result of this decision, the land and buildings have been reclassified as held-for-sale and their value measured as the lower of their carrying amount and fair value less costs to sell. This resulted in a write-down of \$621,000, which is within other gains/(losses) in the statement of comprehensive income (refer note 4).

	2018 \$'000	2017 \$'000
Amounts recognised in other comprehensive income relating to assets held-for-sale		
Net change in revaluation surplus of property, plant and equipment	1,005	-
	1,005	-

8 Non-Current Assets - Financial Assets at Fair Value

Non-current financial assets at fair value	2018 \$'000	2017 \$'000
TCorpIM Long Term Growth Investment	62,921	57,368
Total non-current financial assets at fair value	62,921	57,368

Refer to Note 19 for further information regarding fair value measurement, credit risk, liquidity risk and market risk arising from financial instruments.

9 Non-Current Assets - Property, Plant and Equipment

	Land and buildings* \$'000	Plant and equipment \$'000	Plant and Equipment - WIP \$'000	TOTAL \$'000
At 1 July 2017 - fair value				
Gross carrying amounts	26,217	19,236	337	45,790
Accumulated depreciation and impairment	(1,311)	(13,779)	-	(15,090)
Net carrying amount	24,906	5,457	337	30,700
At 30 June 2018 - fair value				
Gross carrying amounts	23,620	19,402	439	43,461
Accumulated depreciation and impairment	(127)	(15,598)	-	(15,725)
Net carrying amount	23,493	3,804	439	27,736

Reconciliation

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Land and buildings* \$'000	Plant and equipment \$'000	Plant and equipment - WIP \$'000	TOTAL \$'000
Year ended 30 June 2018				
Net carrying amount at start of year	24,906	5,457	337	30,700
Additions	-	-	528	528
Assets classified as held for sale	(7,249)	-	-	(7,249)
Transfer from work in progress	-	426	(426)	-
Net revaluation increment less revaluation decrements	6,428	-	-	6,428
Decrease in leasehold make good amortisation	-	4	-	4
Depreciation expense	(592)	(2,083)	-	(2,675)
Net carrying amount at end of year	23,493	3,804	439	27,736

* Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

	Land and buildings* \$'000	Plant and equipment \$'000	Plant and equipment - WIP \$'000	TOTAL \$'000
At 1 July 2016 - fair value				
Gross carrying amounts	24,969	24,096	419	49,484
Accumulated depreciation and impairment	(695)	(15,760)	-	(16,455)
Net carrying amount	24,274	8,336	419	33,029

At 30 June 2017 - fair value				
Gross carrying amounts	26,217	19,236	337	45,790
Accumulated depreciation and impairment	(1,311)	(13,779)	-	(15,090)
Net carrying amount	24,906	5,457	337	30,700

Reconciliation

A reconciliation of the carrying amount of property, plant and equipment at the beginning and end of the current reporting period is set out below.

	Land and buildings* \$'000	Plant and equipment \$'000	Plant and equipment - WIP \$'000	TOTAL \$'000
Year ended 30 June 2017				
Net carrying amount at start of year	24,274	8,336	419	33,029
Additions	-	-	745	745
Transfer from work in progress	-	827	(827)	-
Net revaluation increment less revaluation decrements	1,193	-	-	1,193
Depreciation expense	(561)	(3,706)	-	(4,267)
Net carrying amount at end of year	24,906	5,457	337	30,700

* Further details regarding the fair value measurement of property, plant and equipment are disclosed in Note 11.

10 Intangible Assets

	Computer Software \$'000	Computer Software - WIP \$'000	TOTAL \$'000
At 1 July 2017			
Cost (gross carrying amount)	4,384	11,270	15,654
Accumulated amortisation and impairment	(805)	-	(805)
Net carrying amount	3,579	11,270	14,849
At 30 June 2018			
Cost (gross carrying amount)	15,277	764	16,041
Accumulated amortisation and impairment	(2,541)	-	(2,541)
Net carrying amount	12,736	764	13,500

Reconciliation

A reconciliation of the carrying amount of each class of intangibles at the beginning and end of the current reporting period is set out below.

	Computer Software \$'000	Computer Software - WIP \$'000	TOTAL \$'000
Year ended 30 June 2018			
Net carrying amount at start of year	3,579	11,270	14,849
Additions			
Software development	-	4,315	4,315
Transfer from work in progress	10,892	(10,892)	-
Impairment loss	-	(3,929)	(3,929)
Amortisation (recognised in "depreciation and amortisation")	(1,735)	-	(1,735)
Net carrying amount at end of year	12,736	764	13,500

	Computer Software \$'000	Computer Software - WIP \$'000	TOTAL \$'000
At 1 July 2016 - fair value			
Cost (gross carrying amount)	3,581	5,549	9,130
Accumulated amortisation and impairment	(1,568)	-	(1,568)
Net carrying amount	2,013	5,549	7,562

At 30 June 2017			
Cost (gross carrying amount)	4,384	11,270	15,654
Accumulated amortisation and impairment	(805)	-	(805)
Net carrying amount	3,579	11,270	14,849

Reconciliation

A reconciliation of the carrying amount of each class of intangibles at the beginning and end of the current reporting period is set out below.

	Computer Software \$'000	Computer Software - WIP \$'000	TOTAL \$'000
Year ended 30 June 2017			
Net carrying amount at start of year	2,013	5,549	7,562
Additions	-	7,893	7,893
Transfers from work in progress	2,172	(2,172)	-
Amortisation (recognised in "depreciation and amortisation")	(606)	-	(606)
Net carrying amount at end of year	3,579	11,270	14,849

11 Fair value measurement of non-financial assets

(a) Fair value hierarchy

	Level 1 \$000	Level 2 \$000	Level 3 \$000	Total fair value \$000
2018				
Property, plant and equipment (Note 9)				
Land and buildings	-	23,493	-	23,493
Non-current assets held for sale (Note 7)				
	-	6,627	-	6,627
	-	30,120	-	30,120
2017				
Property, plant and equipment (Note 9)				
Land and buildings	-	24,906	-	24,906
	-	24,906	-	24,906

There were no transfers between levels 1, 2 and 3 during the period ended 30 June 2018.

(b) Valuation techniques, inputs and processes

NSW Trustee and Guardian land assets, valued using market evidence, are usually measured using the market approach with adjustment for condition, location, comparability, etc. and therefore are categorised as Level 2. The market approach will usually be available even when the land has no feasible use.

NSW Trustee and Guardian's building assets are valued using market evidence and are categorised as Level 2. The valuer considers the market as observable inputs and has tried to maximise the use of observable inputs in accordance with the intention of AASB 13.

12 Current Liabilities – Payables

These relate to accrued cost of goods and services provided to NSW Trustee and Guardian.

	2018 \$'000	2017 \$'000
Personnel services payable	205	321
Creditors	3,306	10,662
GST Payable	-	5
Capital expenditure payables	170	493
	3,681	11,481

Details regarding credit risk, liquidity risk and market risk including a maturity analysis of the above payables, are disclosed in Note 19.

13 Current/Non-Current Liabilities – Provisions

These relate to annual leave and long service leave for personnel services provided by the NSW Department of Justice and other specific provisions.

(a) Current Provisions

	2018	2017
	\$'000	\$'000
Personnel services :		
Annual leave	5,134	4,875
Long service leave	18,582	17,012
Provision for cost of rectification work *	251	-
Total current provisions	23,967	21,887

Current provisions are expected to be settled as follows:

	2018	2017
	\$'000	\$'000
Before 12 months		
Personnel services	6,684	1,339
Provision for cost of rectification work	251	-
After 12 months		
Personnel services	17,032	20,548
Total current provisions	23,967	21,887

*Provision for cost of work required to rectify errors and redraft Will, Power of Attorney and Enduring Guardianship documents identified in 2017-18.

(b) Non-current Provisions

	2018	2017
	\$'000	\$'000
Personnel services:		
Long service leave	332	164
Total non-current provisions	332	164

(c) Non-current Other Provisions

	2018	2017
	\$'000	\$'000
Restoration costs*	225	289
Total non-current other provisions	225	289

*Provision is recognised for lease contracts with material make good provision or where the impact of the provision is considered to be material.

Movements in provisions (other than employee benefits), are set out below:

Rectification costs	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the year	-	-
Additional provisions recognised	251	-
Amounts used	-	-
Unused amounts reversed	-	-
Carrying amount at the end of the year	251	-

Restoration costs	2018	2017
	\$'000	\$'000
Carrying amount at the beginning of the year	289	371
Additional provisions recognised	-	103
Amounts used	(68)	(76)
Unused amounts reversed	-	(106)
Unwinding/change in discount rate	4	(3)
Carrying amount at the end of the year	225	289

14 Commitments for Expenditure

(a) Capital commitments

Aggregate capital expenditure contracted for the acquisition of non - current assets at balance date but not provided for:

	2018	2017
	\$'000	\$'000
Not later than one year	764	2,796
Later than one and not later than 5 years	-	1,221
Later than 5 years	-	-
Total (including GST)	764	4,017

(b) Operating lease commitments

Future non cancellable operating leases not provided for and payable:

	2018	2017
	\$'000	\$'000
Not later than one year	799	1,129
Later than one and not later than 5 years	785	1,764
Later than 5 years	-	910
Total (including GST)	1,584	3,803

Operating lease commitments relate to leases currently held in relation to the occupancy of premises by NSW Trustee and Guardian in Sydney and regional offices. These also include operating leases of motor vehicles.

Total commitments include GST receivable from the Australian Taxation Office of \$213,551 (\$710,957 in 2016-17).

15 Contingent Liabilities and Contingent Assets

Legal Matters

NSW Trustee and Guardian may bear a cost risk of some proceedings which have been concluded on behalf of clients due to adverse verdicts or other court orders. The total estimated cost is approximately \$1.8 million (\$1.6 million in 2016-17) of which \$1.7 million (\$1.1 million in 2016-17) is expected to be recovered from the Treasury Managed Fund.

There were no contingent assets during the year.

16 Budget Review

Net Result

The actual net result is greater than budget by \$12.1 million. This represents a decrease in expenses of \$4.9 million, increase in revenue of \$11.7 million and unbudgeted other losses of \$4.6 million.

Personnel services expense is lower than budget by \$6.7 million. This is mainly due to reclassification of temporary agency contractor fees of \$6.6 million from personnel service cost to other operating expenses, refer to note 1(s). Expenses include redundancy payments amounting to \$1.1 million paid to the remaining employees whose services were terminated as a result of the implementation of 2017 and Beyond transformation business case. Redundancy payments reimbursed by NSW Treasury are shown as revenue grant.

Other operating expenses are greater than budget by \$2.4 million mainly due to reclassification of temporary agency contractor charges as other operating expenses of \$6.6 million and decreases in human resources, digital technology and finance service fees payable to Department of Justice and lower rental expenses for the year. Depreciation and amortisation expenses are lower than budget by \$0.7 million.

Revenue is higher than budget by \$11.7 million, mainly due to increases in revenue from commissions and fees of \$7.1 million, government grant of \$1.8 million and investment income of \$2.1 million. The increase in commissions and fees is attributed to increase in estates and trust management fees. Grant revenue includes an amount of \$0.9 million as reimbursement for redundancy payments and \$0.9 million provided to compensate for increase in rent of NSW Trustee and Guardian offices.

Other losses represent \$3.9 million impairment loss on intangible assets and \$0.6 million impairment cost on assets held for sale.

Assets and Liabilities

Total assets exceeded budget by \$23.4 million. Total current assets are higher than budget by \$12.9 million. This largely represents reduction in the receivables for long service leave pool balance with NSW Treasury of \$4.0 million and an increase in cash and financial assets held as current of \$10.2 million. Total non current assets increased by \$10.5 million. This represents a reduction in assets of \$15.4 million due to timing differences in the implementation of NSW Trustee and Guardian's capital projects and transfer of \$7.2 million non current assets held for sale transferred to current assets offset by an increase in financial assets held as non current of \$33.5 million.

Total liabilities were lower than budget by \$5.5 million. Total current liabilities decreased by \$5.7 million. This is represented by a decrease in payables mainly to Department of Justice, personnel services accruals of \$3.8 million and provisions mainly long service leave liability of \$1.9 million. Total non current liabilities increased slightly by \$0.2 million.

Cash flows

Net cash flow is higher than budget by \$3.5 million.

Cash flow from operating activities is higher than budget by \$6.4 million mainly due to decrease in personnel services and operating expenses of \$1.8 million and increase in revenue receipts of \$4.6 million.

Net cash outflow from investing activities is higher than budget by \$2.9 million mainly due to a reduction in capital purchases as capital projects were carried forward to 2018-19. There were no proceeds from sale of investments recognised during the year.

17 Reconciliation of Cash Flows from Operating Activities to Net Result

	2018 \$'000	2017 \$'000
Net cash used on operating activities	2,780	8,499
Depreciation	(4,410)	(4,872)
Revaluation on TCorpIM Long Term Growth Fund Investments	5,553	5,929
(Increase)/Decrease in provisions	(2,184)	117,524
Defined benefit liability transfer to equity	-	(81,328)
Increase/(Decrease) in prepayments and other assets	4,139	(8,167)
(Increase)/Decrease in creditors	7,482	(3,664)
Impairment loss on Intangible assets	(3,929)	-
Impairment on assets held for sale	(621)	-
Net Result	8,810	33,921

18 Common Fund Assets

NSW Trustee and Guardian manages the assets of clients under the *NSW Trustee and Guardian Act 2009*. These assets are not included in the financial statements as NSW Trustee and Guardian cannot use them for the achievement of its objectives. These are separately reported in the financial statements of NSW Trustee and Guardian – Common Funds.

Under Section 104 (5) of the *NSW Trustee and Guardian Act 2009*, amounts credited to a common fund are held on trust by the NSW Trustee and Guardian. Details are summarised below:

	2018 *	2017
	\$'000	\$'000
Common Fund - Trustee		
Balance at the beginning of the financial year	1,280,734	1,205,693
Receipts	1,120,250	1,003,196
Payments	(1,172,590)	(959,436)
Distribution to trust accounts	24,257	24,950
Distribution to unit holders	20,715	18,191
Unrealised gain/(loss) in investments	10,894	(11,860)
Balance at the end of the financial year	<u>1,284,260</u>	<u>1,280,734</u>
Common Fund - Financial Management		
Balance at the beginning of the financial year	1,618,395	1,580,454
Receipts	549,832	487,245
Payments	(588,775)	(537,680)
Distribution to trust accounts	13,493	14,263
Reinvestment of distributions	60,379	53,669
Unrealised gain/(loss) in investments	17,205	20,444
Balance at the end of the financial year	<u>1,670,529</u>	<u>1,618,395</u>
Total Common Fund assets	<u><u>2,954,789</u></u>	<u><u>2,899,129</u></u>

*2018 results are unaudited.

19 Financial Instruments

NSW Trustee and Guardian's principal financial instruments are outlined below. These financial instruments arise directly from NSW Trustee and Guardian's operations or are required to finance NSW Trustee and Guardian's operations. NSW Trustee and Guardian does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

NSW Trustee and Guardian's main risks arising from financial instruments are outlined below, together with NSW Trustee and Guardian's objectives, policies and processes for measuring and managing risk. Further quantitative and qualitative disclosures are included throughout these financial statements.

The Chief Executive Officer has overall responsibility for the establishment and oversight of risk management, reviews and agrees policies for managing each of these risks. Risk management policies are established to identify and analyse the risks faced by NSW Trustee and Guardian, to set risks limits and controls and to monitor risks. Compliance with policies is reviewed by NSW Trustee and Guardian's Audit and Risk Committee, Independent Investment Advisory Committee and Internal auditors on a regular basis.

(a) Financial instrument categories:

Financial assets	Notes	Category	Carrying amount	Carrying amount
			2018	2017
Class:			\$'000	\$'000
Cash and cash equivalents	5	N/A	27,044	29,428
Receivables ¹	6	Receivables measured at amortised cost	25,292	21,584
Financial assets at fair value	8	At fair value through profit and loss - designated as such upon initial recognition	62,921	57,368

Financial liabilities	Notes	Category	Carrying amount	Carrying amount
			2018	2017
Class:			\$'000	\$'000
Payables ²	12	Financial liabilities measured at amortised costs	3,681	11,476

Notes:

¹ Excludes statutory receivables and prepayments (i.e. not within scope of AASB 7).

² Excludes statutory payables and unearned revenue (i.e. not within scope of AASB 7).

(b) Credit risk

Credit risk arises when there is the possibility that NSW Trustee and Guardian's debtors will default on their contractual obligations, resulting in a financial loss to NSW Trustee and Guardian. The maximum exposure to credit risk is generally represented by the carrying amount of the financial assets (net of any allowance for impairment).

Credit risk arises from the financial assets of NSW Trustee and Guardian including cash, receivables and authority deposits. No collateral is held by NSW Trustee and Guardian.

NSW Trustee and Guardian has not granted any financial guarantees.

Credit risk associated with NSW Trustee and Guardian's financial assets, other than receivables, is managed through the selection of counterparties and establishment of minimum credit rating standards. Authority deposits held with NSW Treasury Corporation (TCorp) are guaranteed by the State.

Cash

Cash comprises cash on hand and bank balances within the Treasury Banking System (TBS). Interest is earned on daily bank balances at the monthly average NSW Treasury Corporation 11am unofficial cash rate, adjusted for a management fee to NSW Treasury. The TCorpIM Long Term Growth Fund Investment is discussed in paragraph (d) below.

Interest on TBS balances is paid six monthly in March and September by NSW Treasury.

Receivables - Trade debtors

All trade debtors are recognised as amounts receivable at balance date. Receivables include trade debtors and other receivables, comprising:

- Commissions and fees; and
- Sundry debtors.

Collectability of trade debtors is reviewed on an ongoing basis. Procedures as established in the NSW Treasurer's Directions are followed to recover outstanding amounts, including letters of demand. Debts which are known to be uncollectible are written off. An allowance for impairment is raised when there is objective evidence that NSW Trustee and Guardian will not be able to collect all amounts due. This evidence includes past experience, and current and expected changes in economic conditions and debtor credit ratings.

No interest is earned on trade debtors. Sales are made on 21 days terms.

NSW Trustee and Guardian is not materially exposed to concentrations of credit risk to a single trade debtor or group of debtors.

The only financial assets that are past due or impaired are sales of services in the receivables category of the Statement of Financial Position.

	Total \$'000	Past due but not impaired \$'000	Considered Impaired \$'000
2018			
< 3 months overdue	33	33	-
> 3 months < 6 months overdue	24	24	-
> 6 months overdue	110	109	1
2017			
< 3 months overdue	54	54	-
> 3 months < 6 months overdue	42	42	-
> 6 months overdue	44	43	1

Notes:

Each column in the table reports "gross receivables".

The ageing analysis excludes statutory receivables, as these are not within the scope of AASB 7 and excludes receivables that are past due and not impaired. Therefore the "total" will not reconcile to the receivables total recognised in the Statement of Financial Position.

(c) Liquidity risk

Liquidity risk is the risk that NSW Trustee and Guardian will be unable to meet its payment obligations when they fall due. NSW Trustee and Guardian continuously manages risk through monitoring future cash flows and maturities planning to ensure adequate holding of high quality liquid assets. The objective is to maintain a balance between continuity of funding and flexibility through effective management of cash and investments. NSW Trustee and Guardian does not have any loans.

No assets have been pledged as collateral. NSW Trustee and Guardian's exposure to liquidity risk is deemed insignificant based on current assessment of risk.

The liabilities are recognised for amounts due to be paid in the future for goods or services received, whether or not invoiced. Amounts owing to suppliers (which are unsecured) are settled in accordance with the policy set out in NSWTC 11/12. For small business suppliers, where terms are not specified, payment is made not later than 30 days from date of receipt of a correctly rendered invoice. For other suppliers, if trade terms are not specified, payment is made no later than the end of the month following the month in which an invoice or a statement is received. For small business suppliers, where payment is not made within the specified time period, simple interest must be paid automatically unless an existing contract specifies otherwise. For payments to other suppliers, NSW Trustee and Guardian may automatically pay the supplier simple interest. The rate of interest applied for the year was 9.77% (2016-17 - 9.78%)

The liquidity risk is managed by the preparation of cash flow projections on a regular basis for current liabilities. The table below summarises the maturity profile of NSW Trustee and Guardian's financial liabilities on contractual undiscounted payments, together with the interest rate exposure.

		Interest Rate Exposure		Maturity Dates
	Weighted average effective interest rate %	Nominal Amount \$'000	Non-interest bearing \$'000	<1 Year \$'000
2018				
Payables				
Personnel services payable	N/A	205	205	205
Creditors	N/A	3,306	3,306	3,306
Capital expenditure	N/A	170	170	170
Total		3,681	3,681	3,681

		Interest Rate Exposure		Maturity Dates
	Weighted average effective interest rate %	Nominal Amount \$'000	Non-interest bearing \$'000	<1 Year \$'000
2017				
Payables				
Personnel services payable	N/A	321	321	321
Creditors	N/A	10,662	10,662	10,662
Capital expenditure	N/A	493	493	493
Total		11,476	11,476	11,476

(d) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. NSW Trustee and Guardian's exposure to market risk is primarily through other price risks associated with the movement in the unit price of the TCorpIM Long Term Growth Fund Investments. NSW Trustee and Guardian has no exposure to foreign currency risk and does not enter into commodity contracts.

The effect on profit and equity due to a reasonably possible change in risk variable is outlined in the information below, for interest rate risk and other price risk. A reasonably possible change in risk variable has been determined after taking into account the economic environment in which NSW Trustee and Guardian operates and the time frame for the assessment which is until the end of the next annual reporting period. The sensitivity analysis is based on risk exposures in existence at the Statement of Financial Position date. The analysis is performed on the same basis as 2017. The analysis assumes that all other variables remain constant.

(i) Interest rates risk

NSW Trustee and Guardian does not have interest bearing liabilities.

Exposure to interest rates risk arises primarily through NSW Trustee and Guardian's deposits with financial institutions. However, the risks are minimised as the deposits are at call. A reasonable possible change of interest of +/- 1% is used, consistent with current trends in interest rates. The basis will be reviewed annually and amended where there is a structural change in the level of interest volatility.

NSW Trustee and Guardian's exposure to interest rate risk is set out below:

	Carrying Amount \$000	-1% Profit \$000	Equity \$000	1% Profit \$000	Equity \$000
2018					
Financial assets					
Cash and cash equivalents	27,044	(270)	(270)	270	270
2017					
Financial assets					
Cash and cash equivalents	29,428	(294)	(294)	294	294

No other financial assets have interest rate risk.

(ii) Other price risk - TCorpIM Long Term Growth Fund

Exposure to 'other price risk' primarily arises through the investment in the TCorpIM Long Term Growth Fund, which are held for strategic rather than trading purposes. NSW Trustee and Guardian has no direct equity investments. NSW Trustee and Guardian holds units in:

Fund	Investments	Investment Horizon	2018 \$000	2017 \$000
TCorpIM long Term Growth Fund	Cash, Australian shares, International shares, Listed property, Emerging market shares, Emerging Markets debt, Bank loans, Fixed interest, Global credit, High yield, Multi-Asset	7 Years and over	62,921	57,368

The unit price of each facility is equal to the total fair value of net assets held by the facility divided by the total number of units on issue for that fund. Unit prices are calculated and published daily.

NSW TCorp as trustee for each of the funds is required to act in the best interest of the unit holders and to administer the funds in accordance with the trust deeds. As trustee, TCorp has appointed external managers to manage the performance and risks of each fund in accordance with a mandate agreed by the parties. TCorp has also leveraged internal expertise to manage certain fixed income assets for the TCorpIM Investments. A significant portion of the administration of the funds is outsourced to an external custodian.

Investment in the TCorpIM Long Term Growth Fund limits NSW Trustee and Guardian's exposure to risk, as it allows diversification across a pool of funds, with different investment horizons and a mix of investments.

TCorp provides sensitivity data for each TCorpIM Investments. The sensitivity percentages are derived from historically based volatility data collected over a ten year period, quoted at two standard deviations (i.e. 95% probability). The TCorpIM Long Term Growth Fund is designated at fair value through profit or loss and therefore any change in unit price impacts directly on profit (rather than equity).

A reasonably possible change is based on the percentage change in unit price (15% (2017-16%) as advised by TCorp) multiplied by the redemption value as at 30 June each year for the investments held in the TCorpIM Long Term Growth Fund, is as follows:

Facility	Change in Unit Price		Impact on profit/loss	
	2018 %	2017 %	2018 \$'000	2017 \$'000
TCorpIM Long Term Growth Fund	+15%	+16%	9,438	9,179
TCorpIM Long Term Growth Fund	-15%	-16%	(9,438)	(9,179)

(e) Fair value measurement

(i) Fair value compared to carrying amount

TCorpIM Long Term Growth Fund investments are measured at fair value. Management assessed that the carrying amount of all other financial instruments approximate their fair value.

(ii) Fair value recognised in the Statement of financial position

	Level 2 \$'000	2018 Total \$'000	2017 Total \$'000
Financial assets at fair value			
TCorpIM Long Term Growth Fund	62,921	62,921	57,368
	62,921	62,921	57,368

There were no transfers between levels 1, 2 and 3 during the period ended 30 June 2018.

There were no levels 1 and 3 categories, hence not disclosed.

The value of investment in TCorpIM Long Term Growth Fund is based on NSW Trustee and Guardian's share of the value of the underlying assets of the fund, based on the market value. TCorpIM Long Term Growth Fund is valued using 'redemption' pricing.

(f) Committees

The Chief Executive Officer has ultimate responsibility for risk management and governance, including ensuring that an appropriate risk framework is in place and is operating effectively. There are however other committees and individuals within NSW Trustee and Guardian that manage and monitor financial risks.

The Audit and Risk Committee assists NSW Trustee and Guardian to achieve its corporate and fiduciary objectives by providing advice and forming a view that a sound and efficient system of internal control is maintained by sound risk management practices and effective internal and external audit review. The responsibilities of the Committee encompass the review and oversight of the following areas:

- Risk Management
- Internal control framework (governance)
- Legislative compliance
- Internal audit
- External audit
- Initiate investigations into any matter deemed appropriate.

The Independent Investment Advisory Committee (IIAC) has the following responsibilities:

- review of the management of Common Funds, and its portfolios
- review of the management of its corporate investment portfolio
- review and oversight of the performance of Common Funds Portfolios compared to the relevant benchmarks.

The role of the IIAC is to review policies and oversight the management of investment assets of clients, investments made by the trustee, and investments of NSW Trustee and Guardian. As part of this process, the IIAC reviews and recommends to the CEO strategies for the various portfolios in accordance with the investment policies and legislative direction.

20 Related Party Disclosures

NSW Trustee and Guardian's key management personnel and their compensation disclosures are limited to the key decision maker, the Chief Executive Officer. There is no management board for NSW Trustee and Guardian.

NSW Trustee and Guardian's key management personnel compensation are as follows:

	2018	2017
	\$'000	\$'000
Short-term employee benefits:		
Gross wages and salaries	298	277
Total remuneration	298	277

During the year, NSW Trustee and Guardian did not enter into any transactions on arms length terms and conditions with key management personnel, their close family members or jointly controlled entities thereof.

During the year, NSW Trustee and Guardian entered into transactions with other entities that are controlled/jointly controlled/significantly influenced by the NSW Government. These transactions in aggregate are a significant portion of the NSW Trustee and Guardian's rendering of services and receiving of services.

These transactions include:

- Defined Benefit Superannuation assumed by the Crown.
- Community Service Obligation and other grants received from Treasury via Department of Justice.
- Transactions relating to the Treasury Banking System
- Employer contributions paid to Defined Benefit Superannuation funds
- Payments into and reimbursements from the Treasury Managed Fund for workers' compensation insurance and other insurances.
- Lease rental payments made to NSW Government property.
- Payments made to the Department of Justice for Service Level Agreement fees, rent, personnel services and other procurement charges.

21 Events after the Reporting Period

No events have occurred since the end of the financial year which significantly affect or may significantly affect the operations and results of operations of NSW Trustee and Guardian.

End of Audited Financial Statements

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