Annual Report

2023/24

publictrust.co.nz

Public Trust

Under the Public Trust Act 2001, our principal objective is to operate as an effective business. To this end, we need to:

> be as efficient as comparable businesses that are not owned by the Crown
>
> prudently manage our assets and liabilities
>
> maintain financial viability in the long term
>
> be a good employer
>
> be an organisation that exhibits a sense of social responsibility by having regard to the interests of the communities in which we operate.

This report covers the activities of the year ended 30 June 2024 and has been prepared to meet the requirements of:

> section 150 of the Crown Entities Act 2004
>
> Public Trust's 2024–27 Statement of Intent.

On behalf of the Board, we have the pleasure of presenting the Annual Report of Public Trust for the year 1 July 2023 to 30 June 2024.

Ian Fitzgerald
Chair
Public Trust Board

26 September 2024

Kevin Murphy
Chair
Public Trust Audit and Finance Committee

26 September 2024

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Message from our Chair

As New Zealand's largest trustee and estate administration service, Public Trust continues to focus on empowering all New Zealanders to build and protect their legacies.

With the right services, people and plan for success, the business is confidently executing its 2024-2027 strategy. It is gratifying to see the hard work of the Public Trust team reflected in this year's financial result.

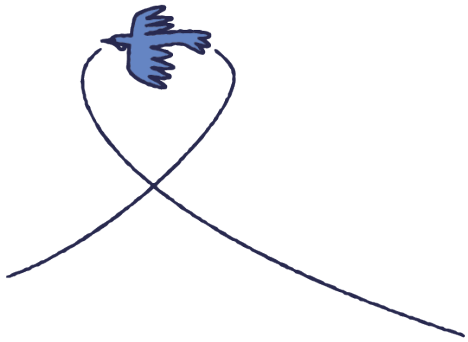
Due to a strong financial performance and balance sheet, the Board is pleased to be able to declare a dividend of $2 million. This is a significant milestone as it is the first time that Public Trust has made a dividend from annual profits.

We continue to do everything we can to advocate for New Zealanders' legacies, so people can worry less about death, money and the future.

During the year, we helped thousands of people write their will or appoint an Enduring Power of Attorney. This is one of the many ways we create value by reducing pressure and cost for New Zealand's court system. As a statutory supervisor licenced by the Financial Markets Authority, Public Trust also looks out for the best interests of over a million New Zealanders who have invested in KiwiSaver schemes, while contributing to an integrated and coherent regulatory regime.

Building on our legacy of innovation

Like all businesses operating today, we are in an environment where households are having to meet the challenges from a sharp increase in the cost of living. At the same time, we are positioning ourselves to respond to the longer-term changes as New Zealand's population continues to get bigger, more diverse and older.



Our 150 years of experience, built up since 1873, has given us an insight into navigating market ups and downs by focusing on what matters most to our customers and embracing innovation.

We are reinvesting in our core business and leveraging our digital platform to make our services more accessible and easier for people to navigate. We are continuing to strengthen our operating systems to accelerate our ability to bring more value and new services to our customers to better meet their diverse needs.

In today's rapidly evolving world, reflecting on shifting social dynamics and stakeholder expectations is crucial for every industry, including ours. There is growing demand for more information and transparency on non-financial disclosure and performance. Public Trust's commitment to environmental, social and governance principles reflects our efforts to strive for continuous improvement and be a positive influence in the industry and society.

Our thanks

On behalf of the board, I would like to thank our outgoing Board members, Graham Naylor and Kirsty Campbell, for their valuable contribution and years of service. In FY25 we welcome Dr Harley Aish, Matthew Harker, Anita Killeen and Karen Price, who will further strengthen our leadership capability as Public Trust prepares for an exciting future.

This year's successful result reflects the excellent work of the Public Trust team. We are grateful to the entire team for their contribution and commitment, and the skilled leadership of Glenys Talivai and the Executive leadership team.

Hei konā mai

Ian Fitzgerald

Chair

Message from our Chief Executive

At Public Trust, we're moving forward together with a clear vision and commitment to executing our strategy. Our focus on growing a sustainable trustee and supervisory business that is compelling, relevant, and accessible to all New Zealanders has never been stronger.

Delivering value for New Zealanders

We are proud of the positive results Public Trust has delivered during FY24 and the value we have created for New Zealanders.

Public Trust achieved a net profit before tax of $7.1 million for the 12 months to 30 June 2024, an increase of $5.1 million on the prior year. Overall revenue increased 14.3%.

We continued to strengthen our balance sheet, with growth in Retail and Corporate Trustee Services (CTS) revenue, supported by continued cost discipline. Our Investments business also delivered significant revenue growth, with the Common Fund benefitting from higher interest rates.

Strong service delivery was at the heart of this financial performance. A key contributor was our Retail business, where a multi-year investment in pricing, process improvements, training and development, marketing and product propositions, has come together to produce consistent growth.

Through a dedicated focus on business development, CTS grew its revenue and welcomed new clients. The team has continued to work with our clients to enhance risk-based supervision processes and frameworks to ensure investment management practices are in the best interests of investors.

Inflationary pressures have impacted many New Zealand families' finances. While sales of new wills and enduring powers of attorneys continued to grow, they were behind our ambitious targets. Digital sales revenue was also impacted by softer consumer spending. The challenging economic environment was evident in the record number of KiwiSaver hardship withdrawal applications processed by Public Trust – up 55% compared to the same period last year.

This year, Public Trust experienced a significant increase in demand for services we provide under the Protection of Personal and Property Rights Act 1988, where we play an important role in managing the property affairs of New Zealanders who have lost capacity. We also provide reports to the Courts to ensure that those without capacity are not being financially abused. Funding available to Public Trust for eligible customers under our agreement with the Ministry of Justice was not sufficient to meet rising demands, however we continued to deliver these services at a cost of $1.0 million, recognising the significant hardship that would arise if these were discontinued.

For current and future generations

To deliver on our purpose of empowering New Zealanders to build and protect their legacies and ensure we have a sustainable business, we remain focused on driving efficiencies and reducing costs so we can deliver our services to more people.

As an organisation, we embarked on our own sustainability journey, aligned to the Carbon Neutral Government Programme. Public Trust continues to explore ways to integrate environmental, social and governance and climate considerations into our approach to governance, risk appetite, and investing. With over $1.4 billion in funds under management, we are stewards of intergenerational wealth in the community.

As New Zealand grows and evolves, so does Public Trust. Demand for our specialist services is growing, reflecting New Zealand's ageing population and the intergenerational transfer of wealth in motion.

In coming years, New Zealand will reach a tipping point when there will be more over 65s than those under the age of 15, more grandparents than grandchildren. Yet many New Zealanders don't have a plan should the time come when they can no longer manage their affairs. These factors mean our services are more relevant than ever, and we must scale, strengthen and adapt our offering in response.

Investing to improve the customer experience

Technology plays an increasingly pivotal role in improving service accessibility and delivery. With over 70% of new wills and Enduring Powers of Attorney now completed online, Public Trust's digital strategy will enable us to keep pace with forecast growth and changing customer preferences.

We are optimistic about our future in an increasingly digital world. In FY24, we capably delivered several service and system enhancements that laid a solid foundation for our next growth phase. This included the successful migration of Public Trust servers to the cloud and the launch of our Customer Engagement Hub.

Building on this momentum and our track record of successful project delivery, Public Trust is investing in a technology-enabled transformation project to deliver our services more efficiently and make it easier for New Zealanders to get their estate planning sorted.

Our culture of care

As we look to FY25, we remain committed to delivering on our strategy, improving financial performance, delivering value for our customers and creating a great place to work for our people.

Our culture of care, for our people and customers and business, remains a point of difference in a strongly competitive market. Public Trust's greatest asset is its people, who every day deliver high-quality, trusted and empathetic trustee services to New Zealanders.

I'd like to thank the Board for their ongoing support and acknowledge the hard work and commitment of everyone at Public Trust that has delivered this impressive set of results. It has been a privilege to lead Public Trust through another year as its Chief Executive.

Ngā mihi nui,

Glenys Talivai

Chief Executive

We empower all New Zealanders to build and protect their legacies.

Our Board

As of 30 June 2024, our Board was made up of six members – with significant and wide-ranging governance and business experience across specialist areas, including law, commerce, economics, human resources and finance. This team has responsibility for the affairs and activities of Public Trust, with a focus on governance and business value growth.

The Chief Executive is charged with the operational management of Public Trust and provides the principal link between the Board and management, acting within authorities delegated by the Board.

Board members and roles as at 30 June 2024:

Ian Fitzgerald
Board Chair, Ex-officio Member of Audit and Finance, Risk Assurance, and People, Culture and Change Committees

John Duncan
Board Deputy Chair, Chair People, Culture and Change Committee, Member Risk Assurance Committee

Kirsty Campbell
Chair Risk Assurance Committee

Kevin Murphy
Chair Audit and Finance Committee, Member Risk Assurance and People, Culture and Change Committees

Meleane Burgess
Deputy Chair Risk Assurance Committee, Deputy Chair People, Culture and Change Committee, Member Audit and Finance Committee

Graham Naylor
Deputy Chair Audit and Finance Committee, Member Risk Assurance Committee

Changes to the Board

There were no changes to the Board's composition throughout the financial year.

There have been changes to the Board's composition between the end of the financial year and publication of this report. Kirsty Campbell and Graham Naylor's terms ended on 12 July 2024. Dr Harley Aish and Karen Price commenced on 15 July 2024 and Matthew Harker and Anita Killeen commenced on 19 July 2024.

FY25 incoming Board members:

Dr Harley Aish

Karen Price

Matthew Harker

Anita Killeen

Governance

Public Trust is an autonomous Crown entity governed by the Public Trust Act 2001 and the Crown Entities Act 2004.

This guarantees Public Trust's independence in fulfilling our fiduciary obligations. It also provides the Board authority to deliver on Public Trust's strategy, which is determined having regard to government policy and the expectations set by our Responsible Ministers.

The Board believes that strong principles of corporate governance protect and enhance the assets of the organisation for the benefit of all stakeholders.

In this respect, the Board is guided by the principles and recommendations of the Financial Markets Authority (FMA) handbook Corporate Governance in New Zealand: Principles and Guidelines, issued in February 2018 as well as Treasury's Owner's Expectations Manual.

Ethical standards

The Board operates under a charter that states members must comply with the express terms and spirit of their statutory obligations to Public Trust, including acting honestly, in good faith and in what they reasonably believe to be our best interests.

The Board must also comply with Public Trust's Code of Conduct and is provided with reports that detail any significant employee breaches of the policy. This document is available on our website at publictrust.co.nz/about/corporate-governance and reflects the FMA's principles and guidelines insofar as they are applicable to Public Trust.

The Board also complies with the Code of Conduct for Crown Entity Board Members issued by the Public Service Commission. The code can be found at publicservice.govt.nz/guidance/code-of-conduct-for crown-entity-board-members/.

Board composition and performance

The structure of the Board is set out in the Public Trust Act 2001 and the Crown Entities Act 2004. Members are independent from Public Trust's Executive team and are appointed and removed by our Responsible Ministers: the Minister of Justice (delegated to the Associate Minister of Justice), together with the Minister of Finance. This process is managed by Treasury, in consultation with the Chair, in keeping with the appointment process for Crown entities.

The performance of the Board, committees and members is evaluated on a regular basis. To help develop our Board and enable it to deliver market-leading Board services, a Board performance assessment is facilitated annually. All new Board members are provided with a comprehensive Board manual and undergo a formal induction. This includes attending the Treasury's induction programme, sessions with the Executive team and site visits. Board members also undertake further education and training as necessary to ensure they have the skills and expertise needed to carry out their responsibilities.

Board committees

The Board had three standing committees during the reporting period: the Audit and Finance Committee, the Risk Assurance Committee and the People, Culture and Change Committee. Each committee has a charter that sets out its roles, responsibilities, composition and structure. Charters are reviewed annually and are available on our website at publictrust.co.nz/about-us/corporate-governance. The Board retains oversight of the committees and is kept informed of any recommendations, issues and activities. Committee decisions are reported to the Board at the next Board meeting.

Reporting and disclosure

We have specific reporting requirements we must meet as an autonomous Crown entity and produce the following documents:

> Our Statement of Intent sets out our strategic objectives and performance measures over a four-year period.

> Our Statement of Performance Expectations supports our Statement of Intent by providing detailed information about our planned outputs and desired results.

> Our Annual Report details our performance and progress against our Statement of Intent and Statement of Performance Expectations.

These documents are all available on our website at publictrust.co.nz/financial-reports-and-statements.

The Audit and Finance Committee assists with ensuring the integrity of our financial reporting by overseeing and providing advice to the Board on Public Trust's financial statements.

We have internal controls in place that support the preparation of quality financial statements and financial control environment. This includes a system of policies and procedures, adherence to standard New Zealand accounting practices, employing appropriately qualified and experienced personnel, the use of independent auditors and seeking guidance from other professional organisations as required.

Remuneration

The remuneration of Board members is set by the Responsible Ministers in accordance with the Public Service Commission's Cabinet Fees Framework and, as such, is independent from Public Trust.

The People, Culture and Change Committee assists the Board with respect to the Chief Executive's employment conditions and remuneration. Each year, the Committee considers relevant remuneration market data and the Chief Executive's performance against key performance objectives to generate a remuneration recommendation. Once the committee's recommendation is approved by the Board, it is forwarded to the Public Service Commission, which consults with Treasury on the terms of any change in remuneration.

The committee also makes recommendations to the Board regarding Executive team appointments, employment conditions, remuneration and performance assessment.

Risk management

Public Trust's Statement of Intent details how risk is managed and highlights key risks faced by the business and their respective mitigants. We have implemented a three-lines-of-defence model to enhance risk management practices and assurance across Public Trust.

The Risk Assurance Committee receives and reviews quarterly reporting on preventable, strategic and external risks as well as compliance, regulations and key internal policies for controlling risk. The Executive team has escalation processes in place to ensure the Board remains informed of significant compliance and risk issues.

Auditors

Our external audits are overseen by the Audit and Finance Committee and undertaken by the Auditor-General, who had appointed Susan Jones of EY to carry these out for a term of three years ending on 30 June 2027.

The external auditors EY have the opportunity to meet with the Audit and Finance Committee independently of management at least four times per year.

During the year, the only non-audit services provided by EY were the provision of market-based remuneration benchmarking information to Public Trust. EY was also engaged to provide assurance services on anti-money laundering and countering the financing of terrorism risk and compliance assessment. This service will be provided in the next financial year ending 30 June 2025. The Board is satisfied of the auditors' objectivity and independence.

The Office of the Auditor-General also limits how much non-audit work can be performed by Public Trust's external auditors, which Public Trust complies with.

Shareholder relations and stakeholder interests

Public Trust is an autonomous Crown entity and, as a result, may be directed by the Responsible Ministers to have regard to government policy that relates to our functions and objectives. We can also be directed to give effect to a whole-of-government approach by the Minister of Finance and Minister for the Public Service.

We have a 'no surprises' policy between the Executive team and our Board and between the Board and the Associate Minister of Justice. The Board Chair and Chief Executive meet with the Minister and attend Select Committee meetings as required. We provide monthly reports to the Minister on matters of note and as necessary when other matters arise. In addition to this, our Board Chair, Chief Executive and Chief Financial and Risk Officer meet with Treasury officials each quarter.

We are responsible for delivering positive outcomes to a wide range of stakeholders. Our Code of Conduct guides how we interact with our customers, employees, Responsible Ministers, partners and the communities we serve.

Information on our goals, strategies and performance is also contained in:

- the Owner's Letter of Expectations
- our Statement of Intent
- our Statement of Performance Expectations.

About us

Public Trust is here for New Zealand. Our role is to empower all New Zealanders to build and protect their legacies, now and into the future.

As New Zealand's largest provider of trustee and estate administration services, we are focused on delivering products and services that are compelling, relevant and accessible to all.

As the world around us becomes more complex, the increase in demand for our specialist services demonstrates how our role is needed more than ever. From helping New Zealand families put their estate plans in place, to managing charitable trusts, supervising KiwiSaver providers, and protecting society's most vulnerable, we are a mainstay of New Zealand's financial, legal and social services framework.

We remain closely connected to the customers and communities we serve. Our team of 450 people work out of 22 locations around the country. While our main objective as defined in the Public Trust Act is to operate as an effective business, we also have clear obligations to care for New Zealanders and care for our people.

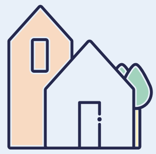
Performance highlights

Public Trust created measurable value for our people, our customers and our communities in FY24.

Number of wills and EPAs sold

6,982 wills **4,424** EPAs

Over 70% completed online



5,081

estates currently being managed

NPS of 30.1

our 90-day rolling NPS score as at 30 June 2024

431 charities

under management

$14.36m

in charitable distributions

1,005 vulnerable New Zealanders

protected through the provision of the PPPR Act 1988

$624m

distributed to beneficiaries through estates we manage

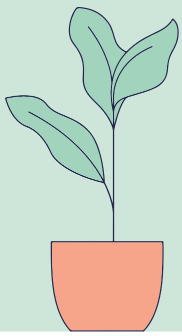
Being a good employer

72%

Overall employee engagement

0.56

total recordable injury frequency rate



Increased training and upskilling

245 people involved in Qualified to Serve with **1,242 qualifications** completed

26 people leaders

completed Leadership Essentials

$1.4bn

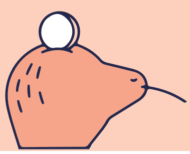
investment funds under management as at 30 June 2024

28,581 students

protected through our Student Fee Protect service

15,853

KiwiSaver hardship applications processed



Delivering sustainable financial outcomes

$7.1m

net profit before tax

14.3%

annual revenue growth

Corporate Trustee Services

$91.6bn

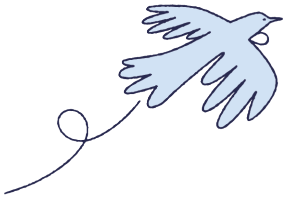
CTS consolidated funds under supervision as at 30 June 2024*

$45.1bn

of which is KiwiSaver

*Consolidated funds under supervision do not include funds that are invested in other funds of the same investment manager.

What we do



Estate planning and management

New Zealanders turn to Public Trust to put their estate plans in place. We work with our customers to ensure they remain relevant and up to date over their lifetime.

Estate planning includes helping customers with:

> **Wills:** A legal document that sets out wishes regarding the care of children, funeral arrangements as well as how to distribute assets or special items after their death.

> **Enduring Powers of Attorney**: A legal document appointing an attorney to step in to manage financial and property affairs or personal care if they can't.

> **Trusts:** A legal arrangement to protect the assets, and future assets, of their whānau.

Estate administration

We act as executor for estates. This critical service helps whānau at a very difficult time and ensures that the wishes of the will maker are carried out so their legacy can continue.

Executor Assist advisory service

We work with lawyers and private executors to help them with some, or all the tasks associated with being an executor. We complete probate applications, collect assets, pay liabilities, complete tax returns and completely manage estates on behalf of executors if required.

Personal Assist

We offer a tailored personal management service to help customers with their financial and property matters, including paying bills, managing bank accounts, buying or selling assets, arranging caregiving or home repairs and applying for pensions.

Services under the Protection of Personal and Property Rights Act

We are entrusted to look after the financial affairs of New Zealanders who risk being unable to access services from the commercial market or where there is a higher duty of care needed that cannot be met by the market.

We provide personal management services for vulnerable New Zealanders under the Protection of Personal and Property Rights Act 1988.

This involves Public Trust being appointed by court order as the property manager for customers who no longer have mental capacity to manage their own affairs. Public Trust also audits statements filed by private property managers under the Protection of Personal and Property Rights Act 1988.

Services funded by the Ministry of Justice

Public Trust receives funding from the Ministry of Justice to provide protective fiduciary services to New Zealanders who need our services but cannot afford commercial pricing. In FY24, these services included Personal Assist and personal property management services, low-value estate services and subsidies to Private Management Examination fees.

Trustee of last resort

We are also required, in some instances, to act as trustee of last resort and provide fiduciary services to individuals when there is no other provider or when their needs are unlikely to be met by private sector trustee organisations.

Charities

A charitable trust holds and protects assets for charitable purposes, so people can leave a lasting legacy.

We are one of New Zealand's largest charitable trust administrators and advisers. We help over 430 charities and work to make sure a benefactor's intentions are carried out for the life of their charitable trust. We take care of registration, reporting, gifting, legal, accounting and taxation, making sure assets are invested to provide lasting benefits. We manage many different asset types, including New Zealand's largest training farm, Smedley Station.

Services to tertiary education

We safeguard student fees on behalf of over 200 private training establishments through our Fee Protect service.

This service protects students from losses outside of their control (for example, due to closure or insolvency of a course provider).

It also creates confidence in New Zealand as an education destination as student funds are protected until students have received their education.

Investment services for fiduciary customers

We provide investment management services to our fiduciary customers, designed to help meet their current and future needs. Our products aim to provide sustainable, risk-adjusted investment returns and appropriate income streams. We invest funds on behalf of our fiduciary customers, including our charitable trusts, in our Common Fund or our Public Trust Investment Service.

Our Common Fund ($296 million as at 30 June 2024) is used primarily for Retail customers requiring shorter term liquidity and for our Fee Protect customers. Deposits held in our Common Fund are government guaranteed.

In addition, we have $1.1 billion of funds under management in our Public Trust Investment Service (as at 30 June 2024). These funds comprise assets we manage on behalf of clients with both shorter and longer-term investment needs, which includes the charities Public Trust administers.

All Public Trust funds are managed within well-defined investment policies and a robust governance framework.

Corporate Trustee Services

Public Trust has a specialised corporate trustee team who supervise a number of New Zealand financial services businesses to help ensure consumer and investor trust in the financial system is maintained.

We are licensed by the Financial Markets Authority, under the Financial Markets Supervisors Act 2011 to oversee and provide guidance to our clients, ensuring that they meet the standards expected of them and that investors' interests are protected.

Our Corporate Trustee Services team provide specialist services including:

- Supervision of regulated investment schemes and trusteeship of unregulated schemes e.g. wholesale schemes.
- Supervision of KiwiSaver schemes, including four of the six default providers.
- Custodial services, we hold listed and unlisted securities in safekeeping and are responsible for all associated cash and security transactions along with all reporting and tax obligations on our clients' assets.
- Statutory supervision of retirement villages, monitoring compliance with obligations, including the financial position of villages and the security of residents' interests.
- Structured finance transactions, covering debt issues and securitisations.

Our Executive leadership team

At Public Trust we are focused on delivering on our purpose, guided by our values, and our Executive team leads the way.

To support the next phase of our transformation journey, we made two executive appointments that will position us strongly for FY25. Leona Cheffins joined Public Trust in July 2024 as General Manager People and Culture on a fixed-term basis, while Andrew Bhimy has been seconded to the role of Chief Strategy and Transformation Officer.

Aligning our Executive team structure with our priorities supports the strategic evolution of Public Trust at every level of the organisation.

Glenys Talivai
Chief Executive Officer

Andrew Bhimy
Chief Strategy and Transformation Officer

David Callanan
General Manager Corporate Trustee Services

Leona Cheffins
General Manager People and Culture

Vanessa Dudley
General Manager Retail

Chris East
Chief Information Officer

Brad Edley
Chief Financial and Risk Officer

Lyndsey Francis
General Manager Marketing and Digital

Amanda Livingstone
General Manager Investments

Brad St Clair
General Manager Legal and Governance

Our people (As at 30 June 2024)

449 Full-time equivalent employees

150 Male

299 Female

7 years average length of service

29% of our people have been with Public Trust for over 10 years

Women represent

67% of our total workforce

54% of our non-leaders

12% of our leaders

44% of our executive

33% of our board

Age range

Our people range in age between **20-68**

The average age is **45.5**

20-29 years old	30-39 years old	40-49 years old	50-59 years old	60+ years old
53 **11.8%**	113 **25.2%**	97 **21.6%**	136 **30.3%**	50 **11.1%**

Types of worker

391 **87.1%**	52 **11.7%**	2 **0.4%**	2 **0.4%**	2 **0.4%**
permanent full-time	permanent part-time	temporary full-time	temporary part-time	casual

Public Trust people come from many different ethnic backgrounds. Where data is disclosed, the biggest ethnicities in our workforce are:

NZ European **41%**
English **4%**
Chinese **4%**
Indian **5%**
Asian **4%**
Māori **3%**

2023 Financial Services Council Awards finalist
Excellence for wellbeing and inclusion

FY24 engagement survey

72% overall employee engagement

94% of our people say the health, safety and wellbeing of our employees is important in how we do things

89% of our people say their values and cultural beliefs are respected at Public Trust

87% of our people say we use feedback to improve our service to customers

People at the heart

Public Trust's success is powered by our team of talented and diverse people. Our culture of care underpins our work. It inspires us to have the courage to make a difference, simplify what can be complex, work together to achieve great outcomes and put people at the heart of everything we do.

Creating value for our people

We continue to prioritise initiatives aimed at attracting, retaining, and developing our talent. This includes ongoing training and development programmes, fostering a supportive and inclusive workplace culture, and providing opportunities for career advancement and personal growth.

It is pleasing to see our strong engagement continued in FY24 with an overall employee engagement score of 72%. We use the data and insights from our twice-yearly surveys to improve our employee experience and build a high-performance culture. For example, in 2023, our people gave us feedback about our leadership capability. Since then, we have introduced Leadership Essentials training, to help our leaders drive culture and demonstrate our behaviours consistently.

To close out our 150-year anniversary celebrations, we held a special edition of our employee recognition programme. The Golden Manaaki Awards honoured excellence, long-service milestones and welcomed back former colleagues who contributed to our shared history.

In FY24 we invested in uplifting capability across the entire Public Trust team. Highlights included:

> Our biggest learning and development programme, Qualified to Serve, continued to evolve and expand. During the year 245 people participated in the Retail career progression framework, with 1,242 qualifications completed.

> 24 people took part in our first Retail leaders development programme.

> 26 leaders took part in our Leadership Essentials programme.

> We implemented career pathways frameworks for our Legal and Corporate Trustee Services teams, to support our people with their development and reaching their goals.

Diversity, equity and inclusion

A diverse and inclusive work environment aligns to our strategic aspiration to grow a sustainable trustee and supervisory services business that is compelling, relevant and accessible to all New Zealanders.

Our people play a critical role in shaping our inclusive culture where everyone feels a strong sense of belonging. We drew on feedback from internal focus groups to develop a new diversity, equity and inclusion (DEI) framework. This will structure our approach going forward by enhancing our strong foundations, investing in our people, building DEI awareness, and focusing on customer outcomes.

Closing the gap

Public Trust is committed to closing our gender pay gap and promoting equitable outcomes for everyone who works at Public Trust.

Public Trust began publicly reporting our gender pay gap for the first time this year as part of our commitment to transparency. As at 30 June 2024, our pay gap was 22.3% when calculated on average remuneration. This is below the average gender pay gap for the financial and insurance services industry of 30.2%.

We strive to be a leader in creating career pathways for women in our industry. We are pleased the female-to-male ratio at executive and senior level is evenly split. Women outnumber men two to one at Public Trust however they are over-represented in lower paid roles which is a significant factor in our organisation's gender pay gap.

Public Trust's talent attraction and remuneration approach aims to attract a broad range of individuals and to provide fair and equitable pay. This includes market benchmark matching for all roles at Public Trust, using data from specialist remuneration surveys that benchmark every role against similar roles in the external market.

Keeping our people safe and well

Public Trust's safety performance demonstrates how serious we are about ensuring everyone goes home safe each day. Our Total Recordable Injury Frequency Rate was 0.56 in FY24, with the number of recordable incidents reducing year on year.

Public Trust deals with some of the most personal life and end-of-life events for New Zealanders every day. Our award-winning Tiaki wellbeing programme creates a safe place for mental health and wellbeing at work and prioritises it as our primary health and safety risk.

Beyond looking after our team, we also need to ensure the safety of our customers, visitors and contractors. Responding to rising levels of mental distress in the community remains an important focus for us in the way we support our people and customers. To mitigate this risk, we provide regular de-escalation training to our frontline team members, which supports them to handle situations effectively.

Given the physical nature of outdoor work, our Health and Safety team encounter a different set of health and safety challenges on the farms we manage. We continue to work closely with our farm employees, contractors, cadets and visitors to keep everyone healthy and safe. At Smedley Station, our health, safety and wellbeing training programme will have an influence the next generation of young farmers. We hope this will cultivate a safety mindset that stays with the cadets for life.

We continued to strengthen our risk culture through our Safe to Speak initiative. To mark Fraud Awareness Week, we ran an internal communications campaign to educate our team and instil confidence in our risk management frameworks. Public Trust provides a protected disclosure regime that allows people to raise and report potential issues while remaining anonymous.

Tihei Mauri Ora: strengthening Māori partnerships

Our Māori partnerships framework Tihei Mauri Ora was developed to guide our Māori partnerships approach, deepen our relationships with tangata whenua, and grow our internal cultural capability.

To develop an authentic partnerships approach, we engaged Hourua Pae Rau, the Deloitte Māori Services team. We drew support and valuable insights from our Te Hapahapai Te Ao Māori Rōpū, Board, iwi partners and key stakeholders.

Our initial focus will be strengthening our internal capabilities through learning and development. We have appointed a Te Pou Herenga Tangata Head of Partnerships who will work alongside the senior leadership team, to help build Public Trust's partnering and cultural capabilities to better serve the needs of Māori and more diverse communities.

During the year, we continued to support our people's understanding of te ao Māori by celebrating Te Wiki o te Reo Māori and Matariki, and updating our Kete app, a toolkit resource with reo for the office.

Protecting Kiwi investors

By ensuring KiwiSaver investors' interests are protected, the work of Public Trust's Corporate Trustee Services touches the lives of over one million New Zealanders.

New Zealand's workers and their families rely on KiwiSaver funds to meet their retirement savings goals. But research commissioned by Public Trust in 2023 found having enough money for retirement was a major concern for one in three people.

This concern is likely to have intensified with KiwiSaver financial hardship withdrawals reaching a record high in FY24. With more New Zealanders struggling to make ends meet, the role of the fund supervisor came to wider public consciousness – and with it, Public Trust's direct involvement in supporting New Zealanders' financial wellbeing.

Public Trust supervises over $45 billion in KiwiSaver funds, including four of the six default funds.

There are tight rules around when a KiwiSaver provider can release money to a member on the grounds of hardship. While the provider accepts the paperwork and processes the transaction, it is the scheme's supervisor that is ultimately responsible for approving or declining hardship and serious illness withdrawal applications.

Public Trust processed 15,853 hardship applications in the 12 months ending 30 June 2024, compared with 10,248 in the same period last year.

We are highly conscious these situations call for quick action, to ensure funds get to those who urgently need them. It is work that combines both regulatory rigour and human empathy. Decisions are always made in the best interests of the individual investor so that they are not disadvantaged or lose their livelihoods, and that their savings and their investments are secure for the future and their retirement.

$45.1 billion

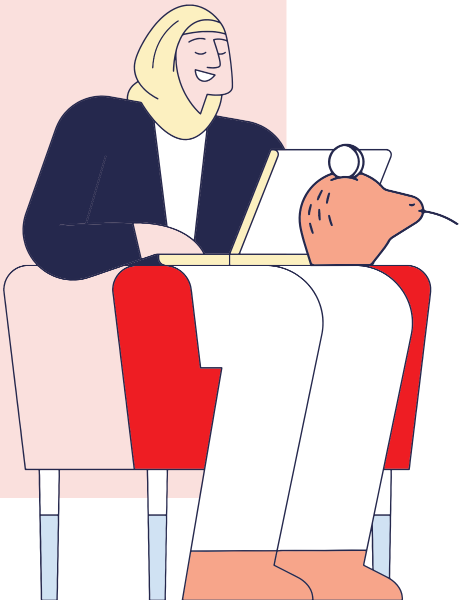
KiwiSaver funds under supervision

15,853

KiwiSaver hardship applications processed

Fast turnaround

99% of hardship applications processed within two days



Supporting New Zealand's sustainability shift

Public Trust has embarked on a journey to consider how we can incorporate relevant environmental, social and governance (ESG) considerations into our business strategy, reflecting the growing expectation for sustainability accountability and action.

Issues of material importance

Supporting New Zealand's sustainability shift is an area where we can add unique value. Long-term sustainability is engrained in our role as a public institution: we've been asking New Zealanders what kind of legacy they want to leave for the next generation since we were established in 1873.

During FY24, we began a materiality process. This work is helping us identify and prioritise the most important ESG issues from the perspective of the organisation and its key stakeholders.

The insights gained will ensure that important ESG factors are integrated into our strategy and connect to our values and purpose as an organisation. There are many dimensions of sustainability, and we will concentrate our energy on the areas where we can have a significant positive impact.

Our stakeholders encouraged us to build on our existing foundations by focusing on how we create value as a business through:

Our culture of care: Our people are our business. They are passionate about helping our customers and delivering positive outcomes for the communities we serve. This is reflected in the priority placed on health and safety; employee engagement; pay parity; mental health and wellbeing; and developing workplace skills for the future.

Good governance: Reflecting our fiduciary duties, our stakeholders expect Public Trust to uphold the highest ethical standards; manage cybersecurity, data and privacy risks; support New Zealand's legal and regulatory environment; and comply with anti-bribery and corruption laws.

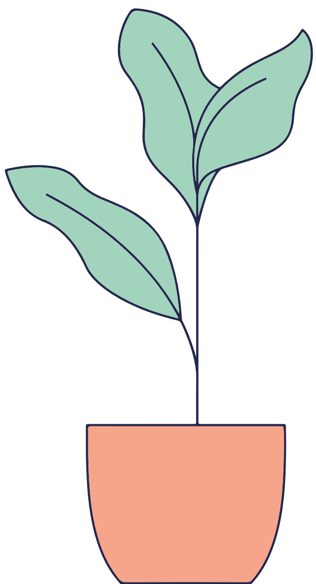
Creating shared prosperity: We act as stewards of intergenerational wealth in the community through our work with everyday New Zealanders. As a manager of rural properties and farms, we also have a compelling opportunity to promote sustainable land use and water practices and equip the next generation with the skills they need to farm in a changing climate.

Emissions reporting

Our developing sustainability agenda is aligned with the Carbon Neutral Government Programme, established to accelerate the reduction of emissions within the public sector.

To understand our current emissions profile, in FY24 Public Trust began collecting carbon emissions data to establish a baseline, which will be reported on in early FY25. From this data we can understand the impact of our emissions, determine future targets, track our progress, and publicly report on them.

Transport makes up nearly half of New Zealand's energy-related greenhouse gas emissions. We are already well progressed on our goal to electrify our light vehicle fleet by 2025, an area where we can make an immediate impact.



Sustainable finance

With more Kiwi prioritising investing responsibly, the ethical investment market in New Zealand has continued to grow. This has increased the scrutiny of ESG as an investment discipline.

In our capacity as a supervisor, we play an important oversight role in ensuring the credibility and soundness of sustainability and impact investments.

New Zealand's mandatory climate-reporting standards came into force in FY24. Reporting is bringing greater transparency to financial markets for both climate related-risks and opportunities, and we are supporting our clients' compliance with the new regime. To build capability and drive good governance outcomes, we conducted and shared the results of a thematic review on this topic with our corporate clients.

The large-scale nature of climate change creates a strong incentive for strategic partnering. During the year, we co-hosted an ESG event with KPMG, which brought together corporate sustainability leaders to share ideas, insights and best practice.

Public Trust sponsored the 2024 Mindful Money Ethical and Impact Investment Awards.

Making a difference through charitable giving

As one of New Zealand's largest charitable trust administrators and advisers, Public Trust is proud to empower others to give for good.

In FY24 we distributed $14.4 million in grants through the charitable trusts we administer, supporting a wide range of community groups.

We see firsthand the ripple effect of charitable giving in the community, no matter how big or small the amount. Among this year's beneficiaries were children from refugee families newly settled in Nelson, who received a $5,000 grant for school uniforms thanks to the George Brown Charitable Trust. In Wellington, Te Herenga Waka Victoria University was awarded $150,000 in the T G Macarthy Trust's latest $2.1 million funding round. The money will support The Living Pā project, an innovation hub for a more sustainable society.

Her Excellency The Rt Hon Dame Cindy Kiro hosted the Thomas George Macarthy Trust Board of Governors meeting in Wellington in October 2023.

Vital research supported by the William Georgetti Scholarship

From building rockets to early detection of ovarian cancer, addressing climate change to tackling youth vaping; the nine recipients of the William Georgetti Scholarship in 2024 are pursuing brilliant academic careers in diverse fields.

Representing some of the finest student researchers in New Zealand, they embody William Georgetti's wish that "the best brains available shall receive the benefit of this trust."

Born in the Whanganui region, the young William wanted to pursue medical studies, but instead followed his father's wishes and became a successful landowner. Georgetti farmed an extensive rural property with an orchard at Fernhill, near Hastings, from 1918 until his death in 1943 at the age of 72. In his will, he left instructions that the residue of his estate form a perpetual charitable trust for the purpose of funding scholarships.

As Trustee, it is Public Trust's privilege and responsibility to ensure Mr Georgetti's charitable intentions are carried out. His farm provides a rental income that, with other investments, funds the scholarship.

Georgetti believed that "whatever fluctuations there may be in prices for primary produce and in land values and whatever vicissitudes the said Dominion may pass through, farming land will always be the most stable asset in which to invest money."

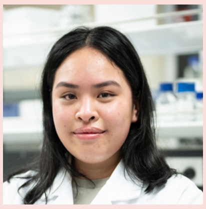
Today, the scholarship is one of New Zealand's most prestigious graduate awards. It offers exceptional students the opportunity to pursue post-graduate study that will have long-term benefits for New Zealand's social, cultural and economic development.

2024 scholarship winners


Jennifer Berry


Kate Hooper


Stella Ivory


Sonesavanh Larnkham


Maddy Nash


Juliette Phillipson


Jean-Louise Roberts


Crissy Sanders


Hannah Yang

Delivering on our strategy

We recognise our success as a business is intrinsically linked to the people we employ and the customers and communities we serve. To ensure a sustainable business, we will continue to evolve our services to better meet their needs and build capability for the future.

We use a range of measures to assess our progress against delivering our strategic goals. These measures have been selected to balance our objectives of serving our customers and communities, delivering financial growth and being a good employer.

Our progress against each strategic goal: 2023/24

1. Serving our customers and communities

Measure	Outcome
New business sales for wills and EPAs	11,406 sales achieved This was below the target of 13,923
New business sales for wills and EPAs completed online compared to total sales	71% achieved This was below the target of 72%
Number of new estates administered each year	1,375 estates administered This was below the target of 1,581
Net Promoter Score (NPS). NPS is a customer experience measure.	NPS of 30.1 achieved This was below the target of 40.0
Number of users visiting our website each year	565,737 website visits This was above the target of 450,000

2. Being a good employer

Measure	Outcome
Total recordable injury frequency rate	0.56 This was below the forecast of 1.87

3. Delivering sustainable financial outcomes

Measure	Outcome
Annual revenue growth	14.3% This was above the target of 11.6%

Statement of performance

For the year ended 30 June 2024

Contribution to Crown outputs

Public Trust has one reportable class of outputs under section 149E(1)(a) of the Crown Entities Act 2004, which arises from its services agreement with the Crown (acting through the Minister of Justice). Under this services agreement, the Crown purchases a range of non-commercial fiduciary services from Public Trust to ensure that affordability does not prevent New Zealanders in need from obtaining key estate and personal management services.

Providing these services helps advance the Crown's objectives of supporting New Zealanders to improve their wellbeing and protecting the most vulnerable members of our society.

The outputs arising from this contract are intended to enable access to trustee services for New Zealanders who are either vulnerable or unable to obtain key estate and personal management services within their own means.

How performance is assessed

The services agreement specifies the scope of services Public Trust provides. Performance under the agreement is monitored through regular reporting to the Ministry of Justice.

Public Trust assesses its performance under the agreement by measuring the number of clients served and total hours spent providing services.

Details of Public Trust's actual and forecast results are shown on page 28.

Measuring the services we provide

			2023/2024 actual		2023/2024 forecast	
Service	**Measure**	**Client asset pool**	**No. of clients**	**Hours**	**No. of clients**	**Hours**
Providing services to incapacitated persons under the Protection of Personal and Property Rights Act 1988 or under Public Trust agencies.	Number of clients served and hours to manage and advise under the Protection of Personal and Property Rights Act 1988	$0-20,000	575	10,398	503	8,580
		$20,000-50,000	110	1,464	56	867
		Exceptional circumstances	2	52		
Administration of estates and trusts.	Number of clients served and hours administering.	$0-20,000	464	1,166	565	1,083
Examination of statements filed in court by any manager who is not a trustee corporation under section 46 of the Protection of Personal and Property Rights Act 1988	Number of clients served and hours taken to examine statements.	$0-20,000	1,090	3,006	793	2,564
		$20,000+	2,050	7,095	1,032	4,605

Revenue and expenses

Expected	Actual
Expected revenue 2023/24: $3.6 million (GST exclusive)	Revenue: $3.6 million (GST exclusive)
Proposed expenses 2023/24: $3.6 million (GST exclusive)	Expenses: $4.6 million (GST exclusive)

The cost of providing services to eligible customers for financial year 2023/24 exceeded the funding received under the agreement. This was attributable to a variety of factors, including significant increases in demand for our Property Manager and Private Manager Examination services under the Protection of Personal Property Rights Act.

As of 30 June 2024, Public Trust has delivered an additional $1.0 million of services to eligible customers, not funded through the agreement. Public Trust continued to deliver these services, recognising the significant hardship that would arise from an unplanned cessation of services. This unfunded delivery of services is consistent with Public Trust's social responsibility objectives under the Public Trust Act 2001.

Throughout FY25, Public Trust will work closely with our Responsible Minister, and the Ministry of Justice to agree a sustainable long-term funding model. In the shorter term, Public Trust will take into consideration any unfunded service delivery when determining the manner of any dividend payment to the Crown.

Common Fund reporting

Public Trust's Common Fund contains fiduciary customers' money and is guaranteed by the New Zealand Government. The Common Fund is invested in the manner provided by the Trusts Act 2019 and Public Trust Act 2001.

Investments made from the Common Fund are not made on account of, and do not belong to, any particular estate and are subject to strict investment guidelines to ensure a conservative risk-return profile is maintained.

The primary measures used to monitor the risk exposure of the investments made from the Common Fund are value at risk (VaR) and the liquidity test.

Value at risk (VaR)

Measure	2023/24 forecast	Achievement	
VaR, excluding term deposits, at 95% confidence level over any one day.	VaR will not exceed 0.4%	VaR did not exceed 0.4% in any month:	
		31 July 2023	0.31%
		31 August 2023	0.29%
		30 September 2023	0.27%
		31 October 2023	0.26%
		30 November 2023	0.27%
		31 December 2023	0.30%
		31 January 2024	0.26%
		29 February 2024	0.26%
		31 March 2024	0.31%
		30 April 2024	0.34%
		31 May 2024	0.30%
		30 June 2024	0.31%

The VaR measure of 0.4% at 95% confidence is the same as stating that Public Trust is 95% confident that losses relating to investments will not exceed 0.4% of the value of total investments over any one day.

Liquidity test

Measure	2023/24 forecast	Achievement	
Percentage of total investments (by dollar value) that can be liquidated within 100 days.	At least 33% (by dollar value) of total investments can be liquidated within 100 days.	Liquidity ratio of total investments at each month end:	
		31 July 2023	54.45%
		31 August 2023	52.12%
		30 September 2023	54.88%
		31 October 2023	59.60%
		30 November 2023	60.91%
		31 December 2023	57.96%
		31 January 2024	52.18%
		29 February 2024	44.92%
		31 March 2024	41.35%
		30 April 2024	41.10%
		31 May 2024	46.49%
		30 June 2024	53.38%

Consolidated financial statements

Funds under management and supervision

as at 30 June 2024

Public Trust has responsibility for funds under management, including fiduciary responsibility for trusts under management and trusts under supervision. The following table details the assets under management and supervision.

	2024 $ million	2023 $ million
Fiduciary assets		
Funds under management		
Common Fund	296	258
Public Trust Investment Service	1,126	969
Funds under supervision (consolidated)	91,642	77,948

Statement of responsibility

for the year ended 30 June 2024

The Board of Public Trust accepts responsibility for the preparation of the consolidated financial statements and statement of performance and for the judgements in them. The judgements applied in the preparation of the consolidated financial statements are reported in the notes to the consolidated financial statements.

The Board of Public Trust accepts responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board of Public Trust, the consolidated financial statements and statement of performance for the year ended 30 June 2024 fairly reflect the financial position, results of operations and cash flows of Public Trust.

I Fitzgerald

Ian Fitzgerald
Chair
Public Trust Board
26 September 2024

Kevin Murphy
Chair
Public Trust Audit and Finance Committee
26 September 2024

Consolidated statement of total comprehensive income

for the year ended 30 June 2024

	Notes	Actual 2024 $000	Unaudited budget 2024 $000	Actual 2023 $000
Revenue				
Interest from investment securities		18,739	18,389	12,285
Interest from advances to customers		278	202	197
Less: Interest paid to customers	E1	(5,840)	(6,599)	(2,312)
		13,177	**11,992**	**10,170**
Revenue from contracts with customers	A	70,032	69,291	62,648
Net revenue		**83,209**	**81,283**	**72,818**
Expenses				
Employee benefits	E2	(50,854)	(51,070)	(46,352)
Amortisation of intangible assets	D6	(4,336)	(4,548)	(4,493)
Depreciation		(3,416)	(3,380)	(3,277)
Operating lease costs		(655)	(619)	(525)
Other expenses	B1	(16,480)	(15,817)	(15,822)
Total operating expenses		**(75,741)**	**(75,434)**	**(70,469)**
Finance costs	B3	(361)	(339)	(332)
Net losses from investment securities		(5)	-	(17)
Profit before tax for the year		**7,102**	**5,510**	**2,000**
Income tax expense	C	(2,001)	(2,200)	(572)
Profit after tax for the year		**5,101**	**3,310**	**1,428**
Total comprehensive income for the year		**5,101**	**3,310**	**1,428**

Non-GAAP financial measure

Underlying profit before tax for the Group, as described further on page 36 of the accompanying notes, was $8.1 million for the year ended 30 June 2024 (30 June 2023: $2.0 million) which includes $1.0 million (30 June 2023: nil) of services provided to eligible customers under the Group's agreement with the Ministry of Justice in excess of the funding received. Underlying profit before tax is a non-GAAP measure, it has been disclosed to assist users in understanding the performance of the Group.

The above consolidated statement of total comprehensive income should be read in conjunction with the accompanying notes.

Consolidated statement of changes in equity

for the year ended 30 June 2024

	Contributed equity $000	Accumulated losses $000	Total equity $000
Actual as at 1 July 2022	90,174	(18,963)	71,211
Profit after tax for the year	-	1,428	1,428
Total comprehensive income for the year	**-**	**1,428**	**1,428**
Actual as at 30 June 2023	90,174	(17,535)	72,639
Profit after tax for the year	-	5,101	5,101
Total comprehensive income for the year	**-**	**5,101**	**5,101**
Actual as at 30 June 2024	**90,174**	**(12,434)**	**77,740**
Unaudited budget as at 30 June 2023	90,174	(18,326)	71,848
Profit after tax for the year	-	3,310	3,310
Total comprehensive income for the year	**-**	**3,310**	**3,310**
Unaudited budget as at 30 June 2024	**90,174**	**(15,016)**	**75,158**

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Consolidated statement of financial position

as at 30 June 2024

	Notes	Actual 2024 $000	Unaudited budget 2024 $000	Actual 2023 $000
Assets				
Cash		19,504	22,072	26,255
Receivable for investment security matured but not yet settled		6,255	-	-
Investment securities	D2	318,225	350,095	272,382
Trade and other receivables	D3	4,589	4,345	5,238
Advances to customers	G	3,796	3,253	3,489
Total financial assets		**352,369**	**379,765**	**307,364**
Contract assets	A, D3	10,364	10,510	9,883
Other assets		981	1,354	467
Property, plant and equipment	D4	3,468	2,571	2,530
Right-of-use assets	D5	16,636	15,409	18,051
Intangible assets	D6	12,500	15,623	16,638
Deferred tax asset	C	7,590	6,857	9,591
Total assets		**403,908**	**432,089**	**364,524**
Liabilities				
Liabilities to customers	E1	296,228	329,823	258,375
Payable for investment security purchased but not yet settled		-	-	3,000
Trade payables		2,091	2,738	2,371
Other liabilities		1,170	673	827
Employee benefits	E2	5,844	5,356	5,411
Provisions	E3	2,781	1,693	2,853
Contract liabilities	A	223	185	188
Lease liabilities	E4	17,831	16,463	18,860
Total liabilities		**326,168**	**356,931**	**291,885**
Equity				
Contributed equity		90,174	90,174	90,174
Accumulated losses		(12,434)	(15,016)	(17,535)
Total equity	F	**77,740**	**75,158**	**72,639**
Total liabilities and equity		**403,908**	**432,089**	**364,524**

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

For and on behalf of the Board, who authorised the issue of these consolidated financial statements on 26 September 2024.

Ian Fitzgerald
Chair
Public Trust Board

26 September 2024

Kevin Murphy
Chair
Public Trust Audit and Finance Committee

26 September 2024

Consolidated statement of cash flows

for the year ended 30 June 2024

	Notes	Actual 2024 $000	Unaudited budget 2024 $000	Actual 2023 $000
Cash flows from operating activities				
Receipts from customers		69,687	68,634	61,372
Interest received from investment securities		16,867	18,591	8,874
Government grant received		132	-	-
Payments to suppliers and employees		(67,641)	(67,461)	(60,415)
Interest paid to customers		(5,840)	(6,599)	(2,312)
Payment of interest portion of lease liabilities	E4	(342)	(321)	(313)
Net cash flows generated from operating activities	D1	**12,863**	**12,844**	**7,206**
Cash flows from investing activities				
Proceeds from sale of investment securities		328,965	325,387	369,290
Purchase of investment securities		(382,231)	(360,404)	(340,369)
Purchase of property, plant and equipment		(1,765)	(600)	(170)
Purchase of intangible assets		(101)	(3,120)	(317)
Net cash flows (used in)/generated from investing activities		**(55,132)**	**(38,737)**	**28,434**
Cash flows from financing activities				
Net receipts from/(payments to) customers		37,853	29,070	(25,647)
Payment of principal portion of lease liabilities		(2,335)	(2,305)	(2,125)
Net cash flows generated from/(used in) financing activities		**35,518**	**26,765**	**(27,772)**
Net (decrease)/increase in cash		**(6,751)**	**872**	**7,868**
Cash at the beginning of the year		26,255	21,200	18,387
Cash at the end of the year		**19,504**	**22,072**	**26,255**

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

Notes to the consolidated financial statements

for the year ended 30 June 2024

General information

Public Trust is a body corporate established and domiciled in New Zealand by the Public Trust Act 2001 (the 2001 Act) and includes those liabilities defined as the Common Fund by the 2001 Act. Public Trust is a Crown entity for the purposes of the Crown Entities Act 2004 and an FMC reporting entity for the purposes of the Financial Markets Conduct Act 2013.

Basis of preparation

The consolidated financial statements of the Group have been prepared:

> in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP) and comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS) as appropriate for profit-oriented entities;
> in accordance with the requirements of the Financial Markets Conduct Act 2013 and the Crown Entities Act 2004;
> on the historical cost basis;
> in New Zealand Dollars, rounded to the nearest thousand ($000), except when otherwise stated;
> using accounting policies as provided throughout the notes to the consolidated financial statements; and
> exclusive of GST, with the exception of payables and receivables that include GST invoiced.

Assets and liabilities

Classification of assets and liabilities are disclosed in the Group's consolidated statement of financial position in an order that reflects their relative liquidity.

Comparatives

Certain comparative figures within the consolidated financial statements have been reclassified to align with the current period presentation. The reclassifications do not have a significant impact on the consolidated financial statements.

Budget

The budget figures are not audited and are those included in the 2023/24 Statement of Performance Expectations.

Non-GAAP financial measure

	2024
NZ IFRS profit before tax for the year	7,102
Value of services to eligible customers under the Group's agreement with the Ministry of Justice in excess of the funding received	1,031
Underlying profit before tax for the year	**8,133**

For the year ended 30 June 2024, the Group delivered $1.0 million of services to eligible customers under the Group's agreement with the Ministry of Justice in excess of the funding received, which is included when determining underlying profit before tax, a non-GAAP measure.

The Group believes that this non-GAAP measure, which is not considered to be a substitute for NZ IFRS measures, provides users of the consolidated financial statements with additional helpful information on the performance of the Group. The underlying profit before tax does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities.

The cost of providing services to eligible customers for the financial year ended 30 June 2023 did not exceed the funding received under the agreement with the Ministry of Justice, therefore, there was no difference between underlying profit before tax and NZ IFRS profit before tax reported by the Group for the financial year ended 30 June 2023.

Basis of consolidation

The consolidated financial statements comprise Public Trust (the Parent) and its subsidiaries (collectively, the Group).

All intra-group balances and transactions and unrealised income and expenses resulting from intra-group transactions are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Subsidiaries are consolidated from the date control commences until the date control ceases. When control is lost, related assets, liabilities, and equity components are derecognised, and any retained interest in the former subsidiary is measured at fair value.

Financial instruments

The Group applies the following accounting policies for financial instruments.

(a) Financial assets

The Group's business model is to hold financial assets in order to collect the contractual cash flows consistent with a 'buy and hold' investment strategy, and all of the Group's financial assets give rise to cash flows that are solely payments of principal and interest.

Financial assets include:

- cash
- investment securities
- trade and other receivables
- advances to customers.

Subsequent to initial recognition, investment securities, trade and other receivables and advances to customers are carried at their amortised cost in accordance with the effective interest method, less any impairment.

Financial assets at amortised cost are regularly reviewed for impairment under either the simplified approach applicable to trade receivables and contract assets (excluding contract assets of uncertain timing) or under the general approach applicable to all other financial assets.

Any reversal of impairment or loss is recognised in profit or loss with a corresponding reduction in the carrying value of the financial asset through a loss allowance account.

(b) Financial liabilities

Financial liabilities include:

- liabilities to customers
- trade and other payables
- lease liabilities.

Subsequent to initial recognition, financial liabilities are carried at their amortised cost in accordance with the effective interest method.

Impairment of non-financial assets

Non-financial assets other than goodwill are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If the carrying value of the asset exceeds the recoverable amount, an impairment loss is recognised in profit or loss. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Presentation of cash flows

Cash flows from operating activities are cash flows from the principal revenue-producing activities of the Group.

Cash flows from the sale and purchase of investment securities relate to investments made from the Common Fund.

Net cash flows from financing activities are substantially comprised of:

> movements in liabilities to customers, which are cash payments and receipts relating to monies held on behalf of customers within the Common Fund. These transactions reflect the activities of the customers rather than those of Public Trust and are therefore disclosed on a net basis.

> cash payments for the principal portion of lease liabilities.

Significant accounting judgements, estimates and assumptions

The preparation of consolidated financial statements requires judgements and estimates that impact the application of policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates.

The areas of significant estimates and judgements are as follows:

	Note
Variable consideration	A
Contracts with a significant financing component	A
Recognition of deferred tax asset for carried-forward tax losses	C
Impairment of trade receivables and contract assets	D3
Goodwill impairment	D6
Provisions	E3
Lease accounting	E4

Changes in accounting policies

(a) New standards, interpretations and amendments adopted from 1 July 2023

Disclosure of Accounting Policies – Amendments to NZ IAS 1 and IFRS Practice Statement 2

The amendments to NZ IAS 1 and IFRS Practice Statement 2 Making Materiality Judgements provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.

The amendments had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's consolidated financial statements.

There were no other new accounting standards, interpretations and amendments effective 1 July 2023 that had an impact on the consolidated financial statements of the Group.

(b) New standards, interpretations and amendments not yet effective

The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The impact of these on the consolidated financial statements are currently being assessed by the Group.

A. Revenue from contracts with customers

The Group's core business is providing estate planning and management services; trustee services for individuals, businesses, corporates and charities; personal management services; investments for fiduciary customers and protective fiduciary services to New Zealanders.

Revenue from contracts with customers is recognised over time as the customer simultaneously receives and consumes the benefits of the services provided to them.

The Group has concluded that it is the principal in its revenue arrangements because it controls the services before transferring them to the customer.

Fees revenue

Fees from services are recognised at a point in time or over a period of time in accordance with the underlying service contract when control of the asset is transferred to the customer, generally as work is performed or as time elapses over a fixed-term contract.

Variable consideration

If the consideration in a contract includes a variable amount, the Group estimates the amount of consideration to which it will be entitled in exchange for transferring the services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts provide customers with volume fees and volume rebates. The volume rebates give rise to variable consideration.

Disaggregated revenue information

Set out below is the disaggregation of the Group's revenue from contracts with customers.

	2024 $000	**2023 $000**
Retail revenue from Crown	3,615	3,335
Retail fee revenue	47,155	41,629
Retail	**50,770**	**44,964**
Corporate Trustee Services	19,262	17,684
Total revenue from contracts with customers	**70,032**	**62,648**

Contract balances	**Notes**	**2024 $000**	**2023 $000**
Contract assets	D3	10,364	9,883
Contract liabilities		223	188

Contract assets are initially recognised for revenue earned from services performed where receipt of consideration is conditional on successful completion of performance obligations.

The Group has applied the practical expedient under NZ IFRS 15 permitting non-disclosure of information for partially unsatisfied performance obligations as at the end of the reporting period on the basis that all partially unsatisfied performance obligations are either part of contracts with original expected duration of one year or less or the Group has a right to invoice for the partially satisfied performance obligations.

Contract liabilities include prepaid income and prepaid estate administration.

Significant judgements, estimates and assumptions

Variable consideration

Under NZ IFRS 15, variable consideration exists as a result of the 5% cap provision (under section 122 of the 2001 Act), volume rebates and annual management fees being calculated as a percentage of the gross value of assets under ongoing administration.

To estimate the variable consideration to which the Group is entitled resulting from the 5% cap and annual management fees, the Group applies the expected value method and only recognises revenue to the extent it is highly probable that a significant reversal in cumulative revenue recognised will not occur when the uncertainty is subsequently resolved.

Volume rebates are offset against amounts payable by the customer. Customer entitlements to rebates are calculated each month based on timely unit pricing information for managed funds. Accordingly, estimation is not required to determine this variable consideration.

Contracts with a significant financing component

The Group considers a significant financing component applies to contract assets of uncertain timing. These represent estate administration charges where payment is not due until an uncertain point in the future. These charges relate to estates with life tenants where payment will be received when the estate is wound up on the death of the life tenant.

Judgement applies in determining the expected date of recovery and in applying appropriate discount rates to expected cash flows of the contract assets. The expected recovery date is based on actuarial models using statistical life expectancy data.

Cash flows are discounted using the Treasury risk-free rates at the reporting date reflecting the low credit risk resulting from the Group's first call over the customer's assets. Future cash flows beyond 10 years have been discounted using the 10-year rate. Where collection is expected within 12 months of the reporting date, no discounting is applied.

B. Expenses

B1. Other expenses

	2024 $000	2023 $000
Information technology	5,291	5,050
Professional services	5,017	3,848
Marketing	1,385	1,834
Property-related expenses	802	1,825
Other operating expenses	3,985	3,265
Total other expenses	**16,480**	**15,822**

B2. Fees incurred for services provided by EY

	2024 $000	2023 $000
Audit of the consolidated financial statements	357	334
Audit fees for non-consolidated managed funds	82	75
Other fees paid to EY*	14	14

*Other fees paid to EY comprise the fees for provision of remuneration data (2023: provision of remuneration data). In addition to remuneration benchmarking services, EY has also been engaged to provide assurance services on anti-money laundering and countering the financing of terrorism risk and compliance assessment. This service is being provided in the next financial year (year ending 30 June 2025).

B3. Finance costs

	Notes	2024 $000	2023 $000
Interest on lease liabilities	E4	342	313
Unwinding of discount and effect of changes in discount rate on make good provision	E3	19	19
Total finance costs		**361**	**332**

B4. Leases

Expenses relating to leases are summarised below:

	Notes	2024 $000	2023 $000
Depreciation expense	D5	2,589	2,599
Interest on lease liabilities	E4	342	313
Expense relating to short-term leases (included in operating lease costs)		235	229
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in operating lease costs)		427	284

Payments associated with short-term leases of offices and vehicles, and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

C. Income tax expense

Income tax expense comprises current tax and deferred tax.

(a) Current tax

Current tax is income tax assessed on taxable profit for the year using tax rates enacted or substantively enacted at the reporting date. Taxable profit differs from profit before tax reported in the consolidated statement of total comprehensive income as it excludes items of income and expense that are taxable or deductible in other years, and also excludes items that will never be taxable or deductible.

(b) Deferred tax

Deferred tax is provided using the liability method on:

- future income tax benefits arising from unutilised tax losses
- temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets and liabilities are offset on the consolidated statement of financial position where there is a legal enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The major components of income tax expense are as follows:

	2024 $000	2023 $000
Utilisation of previously recognised tax losses	3,044	1,464
Origination and reversal of temporary difference	(1,043)	(892)
Income tax expense	**2,001**	**572**

Reconciliation of tax expense and the accounting profit:

	2024 $000	2023 $000
Profit before tax	7,102	2,000
Income tax at 28%	1,989	560
Non-deductible expenses for tax purposes	12	12
Income tax expense	**2,001**	**572**

Deferred tax relates to the following:

	Recognised in consolidated statement of financial position		Recognised in consolidated statement of comprehensive income	
	2024 $000	**2023 $000**	**2024 $000**	**2023 $000**
Fees receivable	684	700	16	(153)
Property, plant and equipment and intangible assets*	(1,879)	(2,782)	(903)	(643)
Right-of-use assets*	(4,658)	(5,054)	(396)	(1,246)
Lease liabilities*	4,993	5,281	288	1,114
Employee benefits	1,082	1,016	(66)	(10)
Provisions	498	517	19	44
Contract liabilities	6	7	1	2
Other	2	-	(2)	-
Tax losses	6,862	9,906	3,044	1,464
Deferred tax expense			**2,001**	**572**
Net deferred tax asset	**7,590**	**9,591**		

* Deferred tax relating to right-of-use assets and lease liabilities previously included in property, plant and equipment and intangible assets have been disclosed separately.

The amount of deferred tax asset recognised from carry-forward losses represents the expected benefit of utilising tax losses, taxable profit and taxable temporary differences in the foreseeable future. The benefit was recognised based on continued profitability growth for the financial year ended 30 June 2024 and current financial forecasts show that Public Trust will continue to deliver sustained profitability over the coming years.

The Group has unused tax losses of $9,516,506 (2023: $9,516,506) for which no deferred tax asset has been recognised.

Significant judgements, estimates and assumptions

Deferred tax assets are recognised for unused tax losses and deductible temporary differences to the extent that it is probable that taxable profit will be available against which the losses or temporary differences can be utilised. Significant management judgement is required to determine the amount of deferred tax asset that can be recognised, based upon the likely timing and the level of future taxable profits.

D. Assets

D1. Cash

Reconciliation of profit before tax to net cash flow from operating activities:

	Notes	2024 $000	2023 $000
Profit before tax for the year		**7 ,102**	**2,000**
Adjustments to reconcile profit before tax to net cash flows			
Government grant received		132	-
Amortisation	D6	4,336	4,493
Depreciation		3,416	3,277
Movement in accrued interest income on investment securities		(2,145)	(3,571)
Unwinding of discount and effect of changes in discount rate on make good provision	E3	19	19
Net losses on investment securities		5	17
Other non-cash adjustments:			
Movement in impairment loss allowance		24	(309)
Movement in accrued purchases of intangible assets and property, plant and equipment		(96)	317
		5,691	**4,243**
Working capital changes			
Decrease/(increase) in trade and other receivables		625	(836)
(Increase)/decrease in contract assets		(481)	309
(Increase)/decrease in other assets		(514)	810
(Decrease) in trade payables		(280)	(578)
Increase in employee benefits		433	289
(Decrease)/increase in provisions		(91)	829
Increase/(decrease) in contract liabilities		35	(27)
Increase in other liabilities		343	167
		70	**963**
Net cash flows generated from operating activities		**12,863**	**7,206**

Changes in liabilities arising from financing activities:

	Opening $000	Cash flows $000	Non-cash movements $000	Closing $000
2024				
Liabilities to customers	258,375	37,853	-	296,228
Lease liabilities	18,860	(2,677)	1,648	17,831
Total liabilities from financing activities	**277,235**	**35,176**	**1,648**	**314,059**
2023				
Liabilities to customers	284,022	(25,647)	-	258,375
Lease liabilities	22,837	(2,438)	(1,539)	18,860
Total liabilities from financing activities	**306,859**	**(28,085)**	**(1,539)**	**277,235**

The amount disclosed as cash flows for lease liabilities comprises:

	2024 $000	2023 $000
Payment of interest portion of lease liabilities	(342)	(313)
Payment of principal portion of lease liabilities	(2,335)	(2,125)
	(2,677)	**(2,438)**

D2. Investment securities

	2024 $000	2023 $000
Interest-bearing securities		
Bank	55,735	59,760
State-owned enterprises	9,944	4,948
Corporates	20,284	15,250
Term deposits		
Banks	179,790	156,545
Crown entities and state-owned enterprises	52,472	35,879
Total investment securities	**318,225**	**272,382**
Current	266,472	211,239
Non-current	51,753	61,143
As at 30 June	**318,225**	**272,382**

D3. Trade and other receivables and contract assets

	2024 $000	2023 $000
Trade and other receivables		
Fees receivable	5,304	5,982
Other receivables	68	63
Total trade and other receivables, gross	**5,372**	**6,045**
Collective impairment allowance		
Opening balance	(807)	(498)
Charge for the year	(538)	(435)
Usage or reversal of provision	562	126
Total collective impairment allowance	**(783)**	**(807)**
Total trade and other receivables, net	**4,589**	**5,238**
Contract assets		
Receivables of uncertain timing*	2,795	2,859
Work in progress**	7,569	7,024
Total contract assets	**10,364**	**9,883**
Total trade and other receivables, net and contract assets		
Current	9,757	9,866
Non-current	5,196	5,255
As at 30 June	**14,953**	**15,121**

* Receivables of uncertain timing represent estate administration charges where payment is not due until an uncertain point in the future. These charges relate to estates with life tenants whereby payment will be received when the estate is wound up on the death of the life tenant and are reviewed for impairment under the general approach.

** Work in progress represents the time incurred in providing services that have not yet been invoiced to the customers.

The carrying amount of trade and other receivables and contract assets equates to fair value and is presented net of specific and collective impairment allowances.

Significant judgements, estimates and assumptions

Impairment analysis is performed regularly for trade receivables and contract assets (excluding contract assets of uncertain timing) using the simplified lifetime expected credit loss approach. Loss allowances are based on the aged profile of the receivable or contract asset, historical trends of recoverability by age and service type, review of customers' ability to pay expected or outstanding fees and current economic and forecasts of future conditions.

The credit quality of trade receivables and contract assets is considered to be high as Public Trust acts as trustee or administrator for most of its customers and generally has first call over the customers' assets. The Group considers these financial assets to be in default when internal and/or external information indicates that the Group is unlikely to receive the outstanding contractual amounts and the financial assets are written off when there is no reasonable expectation of recovering the contractual cash flows.

D4. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment loss. Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Leasehold improvements (aligned to expected life of the lease)	4 – 12 years
Furniture and fittings	3 – 10 years
IT hardware	2 – 5 years

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period.

	Leasehold improvements $000	Furniture and fittings $000	IT hardware $000	Total $000
Cost				
Opening balance	11,252	3,802	7,202	22,256
Additions	69	31	73	173
Disposals	-	(3)	-	(3)
As at 30 June 2023	**11,321**	**3,830**	**7,275**	**22,426**
Accumulated depreciation				
Opening balance	(8,704)	(3,438)	(7,076)	(19,218)
Depreciation for the year	(499)	(106)	(73)	(678)
As at 30 June 2023	**(9,203)**	**(3,544)**	**(7,149)**	**(19,896)**
Net carrying value as at 30 June 2023	**2,118**	**286**	**126**	**2,530**
Cost				
Opening balance	11,321	3,830	7,275	22,426
Additions	419	38	1,308	1,765
As at 30 June 2024	**11,740**	**3,868**	**8,583**	**24,191**
Accumulated depreciation				
Opening balance	(9,203)	(3,544)	(7,149)	(19,896)
Depreciation for the year	(498)	(83)	(246)	(827)
As at 30 June 2024	(9,701)	(3,627)	(7,395)	(20,723)
Net carrying value as at 30 June 2024	**2,039**	**241**	**1,188**	**3,468**

D5. Right-of-use assets

The Group leases various offices, motor vehicles and IT equipment. Rental contracts are typically made for fixed periods but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities as described further in note E4. The cost of right-of-use assets comprises the amount of the corresponding initial lease liability, lease payments made at or before the commencement date less any lease incentives received, initial direct costs and restoration costs.

Right-of use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Amounts recognised in the consolidated statement of financial position

The carrying amount of right-of-use assets and the respective movements during the period are set out below.

	Office buildings $000	Motor Vehicles $000	Total $000
Right-of-use assets			
As at 1 July 2022	22,501	-	22,501
Additions	33	-	33
Remeasurement of lease liabilities	(1,648)	-	(1,648)
Disposals	(236)	-	(236)
Depreciation expense	(2,599)	-	(2,599)
As at 30 June 2023	**18,051**	**-**	**18,051**
Additions	761	162	923
Remeasurement of lease liabilities	251	-	**251**
Depreciation expense	(2,575)	(14)	(2,589)
As at 30 June 2024	**16,488**	**148**	**16,636**

D6. Intangible assets

Intangible assets consists of intangible information technology (IT) assets and goodwill.

	2024 $000	2023 $000
Intangible IT assets		
Cost		
Opening balance	44,630	44,621
Transfers from intangible assets in development	-	9
Closing balance	**44,630**	**44,630**
Accumulated amortisation and impairment		
Opening balance	(30,497)	(26,004)
Amortisation for the year	(4,336)	(4,493)
Closing balance	**(34,833)**	**(30,497)**
Net carrying value	**9,797**	**14,133**
Intangible IT assets in development		
Opening balance	-	9
Additions	198	-
Transfers to intangible IT assets	-	(9)
Closing balance	**198**	**-**
Goodwill arising on acquisition		
Opening and closing balance	2,505	2,505
Total carrying value of intangible assets	**12,500**	**16,638**

The Group carries the following individually material intangible IT assets:

	2024 Net carrying value $000	2023 Net carrying value $000	2024 Remaining useful life (years)	2023 Remaining useful life (years)
Enterprise core technology system	6,931	9,917	2.5	3.5
Digital platform	1,995	2,849	2.5	3.5

(a) Intangible IT assets

Intangible IT assets comprise computer software that is not integral to the operating systems of computer and server equipment. They are classified as finite-life intangible assets that are initially recognised at the cost necessary to bring the software to the condition intended for functionality. Costs incurred in developing internally generated software are recognised where the software qualifies for recognition as an intangible asset. Costs are accumulated as capital work in progress until the intangible IT asset is in a functional condition. They are then capitalised and amortised over the asset's estimated useful life of 3-10 years using the straight-line method.

A review of intangible IT assets is undertaken at the end of each financial year to ensure the estimates of useful life and the amortisation method remain relevant.

Intangible IT assets are subsequently carried at cost, less any accumulated amortisation and accumulated impairment losses.

(b) Goodwill

Goodwill represents the excess of the consideration transferred and the fair value net of identifiable assets acquired and liabilities assumed. Goodwill is subsequently carried at cost less any accumulated impairment losses.

Goodwill is assessed as having an indefinite useful life and is not amortised. Instead, it is subject to impairment testing using a discounted cash flow model at each reporting period or whenever there are indications of impairment. Any impairment is recognised in profit or loss as a permanent reduction in the carrying value and is not subsequently reversed.

The total carrying amount of goodwill has been allocated to the Corporate Trustee Services (CTS) cash generating unit (CGU), being the lowest level of asset group for which there are separately identifiable cash inflows.

Significant judgements, estimates and assumptions

The most recent internal detailed calculation performed in 2023 indicates that the recoverable amount of the CTS CGU substantially exceeds its carrying value. The key judgements and assumptions from the 2023 valuation are as follows:

- Future cash flows were projected for 5 years, based on the 2024 Board-approved 3-year business plan, with additional forward projections for years 4 and 5.
- A terminal growth rate of 1.5% was applied, which is considered conservative as it is below the five-year average annual growth rate for the New Zealand economy and CTS funds under supervision.
- A pre-tax weighted average cost of capital discount rate of 10.2% was used to calculate the present value.

The 2023 valuation continues to be a reliable and transparent measure of the CTS CGU's carrying amount. Given that the actual results for 2024 exceed the budget, this supports the valuation as conservative, considering the anticipated future revenue growth from ongoing market trends and new business acquisitions.

The key judgements and assumptions described above may change as economic and market conditions change. The Group estimates that reasonably possible changes in these judgements and assumptions are not expected to cause the recoverable amount of the CGU to decline below the carrying value.

E. Liabilities

E1. Liabilities to customers

Public Trust holds some of the monies it is responsible for on behalf of its fiduciary customers within the Common Fund. These customer deposits, which are available on call, are recognised as liabilities to customers in the consolidated statement of financial position. The capital and interest of liabilities to customers in the Common Fund is Crown guaranteed. The guarantee on capital for those deposits is provided by section 52 of the 2001 Act and is not time limited. The interest on customer deposits is covered by the Crown guarantee provided under section 65ZD of the Public Finance Act 1989.

Interest payable to customers whose money constitutes the Common Fund is recognised in profit or loss, calculated on the daily balances and paid at a rate and at intervals determined by Public Trust in accordance with the 2001 Act.

E2. Employee benefits

Employee benefits mainly comprise of salaries, KiwiSaver and Government Superannuation Scheme contributions, annual leave, sick leave and long service leave.

A liability for employee benefits is recognised when it is probable that settlement will be required and the amount is capable of being measured reliably.

(a) Annual leave

A provision is made for annual leave in accordance with the accumulated entitlement as at the reporting date. This is carried at the cash amount necessary to settle the obligation.

(b) Long-service leave

The present value of long-service leave depends on a number of factors that are determined on an actuarial basis. Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Projected cash flows are estimated in accordance with both national and entity experience. The resulting projected cash flows are discounted using a Treasury risk-free rate as at the reporting date.

(c) Salaries accrual

Kiwisaver and Government Superannuation Scheme contributions relating to salaries accrued up to the reporting date are included in the salaries accrual.

	2024 $000	2023 $000
Annual leave	2,520	2,199
Long-service leave	1,346	1,431
Salaries accrual	1,978	1,781
Total employee benefits	**5,844**	**5,411**
Current	4,675	4,161
Non-current	1,169	1,250
As at 30 June	**5,844**	**5,411**

E3. Provisions

The Group has recognised provisions for liabilities of uncertain timing or amount including those for make good, onerous contracts, remedial work and litigation and restructuring as detailed below.

	Make good $000	Onerous contracts $000	Remedial work and litigation $000	Restructuring $000	Total $000
As at 1 July 2022	1,031	172	576	226	2,005
Additional provisions made	32	775	281	639	1,727
Amounts used	(10)	(118)	(45)	(684)	(857)
Unused amounts reversed	(22)	-	(19)	-	(41)
Unwinding of discount and effect of changes in discount rate	19	-	-	-	19
As at 30 June 2023	**1,050**	**829**	**793**	**181**	**2,853**
Additional provisions made	-	-	1,020	197	1,217
Amounts used	(10)	(376)	(309)	(378)	(1,073)
Unused amounts reversed	(16)	-	(219)	-	(235)
Unwinding of discount and effect of changes in discount rate	19	-	-	-	19
As at 30 June 2024	**1,043**	**453**	**1,285**	-	**2,781**

	2024 $000	2023 $000
Current	1,374	1,442
Non-current	1,407	1,411
As at 30 June	**2,781**	**2,853**

(a) Make good

The make good provision relates to contractual obligations resulting from the Group entering into lease contracts for office buildings. The provision is calculated using the present value of management's best estimate of the expenditure required to make good the condition of the buildings upon terminating the lease and vacating the premises. These costs have been capitalised as part of the cost of right-of-use assets and are amortised over the shorter of the term of the lease or the useful life of the assets.

(b) Onerous contracts

The onerous contracts provision relates to existing office lease contracts and is measured at the present value of the least net cost of exiting the contracts which is the lower of the costs of fulfilling the contracts and any compensation or penalties arising from the failure to fulfil the contracts. The cost of fulfilling the contracts comprises the costs that relate directly to the contracts (i.e. both incremental costs and an allocation of costs directly related to contract activities).

(c) Remedial work and litigation

The remedial work and litigation provision relates to a number of matters where fault with the Group's service delivery has been identified or alleged or other contractual disputes have arisen. Final resolution may take a number of years.

Where the Group assesses that a present obligation exists in any such matter, a provision is recognised and is carried at the estimated amount of cash necessary to settle the obligation.

Where it is expected that some or all of the provision will be reimbursed by a third party, the reimbursement is recognised as a separate asset under sundry receivables when the reimbursement is virtually certain. No insurance reimbursements expected upon the final resolution of such matters have been recognised within sundry receivables (2023: nil).

Significant judgements, estimates and assumptions

Legal counsel is consulted on matters that may give rise to a remedial work and litigation provision. Estimates and assumptions are made in determining the likelihood, amount and timing of cash necessary to settle the obligation.

(d) Restructuring

The restructuring provision relates primarily to the termination of employment. This is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring either has commenced or has been announced publicly before or at the reporting date. The provision is carried at the estimated amount of cash necessary to settle the obligation. It is expected that the sums provided will be paid within 12 months after the reporting date.

E4. Lease liabilities

On initial recognition, lease liabilities comprises the net present value of the following lease payments:

> Fixed payments (including in-substance fixed payments), less any lease incentives receivable.

> Variable lease payments that are based on an index or a rate initially measured using the index or rate as at the commencement date.

> Lease payments to be made under reasonably certain extension options.

The lease payments are discounted using the Group's incremental borrowing rate being the Treasury risk-free discount rate (to serve as the risk-free interest rate), adjusted for the Group's credit risk and entity-specific margin.

Lease liabilities are subsequently measured by increasing the carrying amount to reflect interest on lease liabilities (using the effective interest method) and reducing the carrying amount to reflect the lease payments made. The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever the lease term changes, the future lease payments change or a lease contract is modified and the lease modification is not accounted for as a separate lease.

Amounts recognised in the consolidated statement of financial position

The carrying amount of lease liabilities and the respective movements during the period are set out below.

	2024 $000	2023 $000
Lease liabilities		
As at 1 July	18,860	22,837
Additions	1,055	-
Remeasurement of lease liabilities*	251	(1,639)
Disposals	-	(213)
Accretion of interest	342	313
Interest portion of lease payments	(342)	(313)
Principal portion of lease payments	(2,335)	(2,125)
As at 30 June	**17,831**	**18,860**
Current	2,654	2,620
Non-current	15,177	16,240
As at 30 June	**17,831**	**18,860**

*Remeasurement of lease liabilities includes the effects of changes to lease terms and changes in future lease payments due to a change in index or rate used to determine those payments or following a market rent review.

Significant judgements, estimates and assumptions

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended.

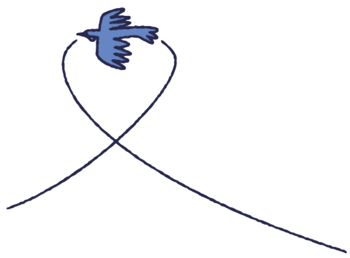
For leases of office buildings, the following factors are normally the most relevant:

- If there are significant penalties to early terminate, the Group is typically reasonably certain to not early terminate.
- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend.

Otherwise, the Group considers other factors including historical lease durations and the costs and business disruption resulting from replacing the leased asset.

Extension options in motor vehicle leases is not included in the lease liability because the Group could replace the assets without significant cost or business disruption.

The lease term is reassessed if an option is actually exercised or the Group becomes obliged to exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs that affects this assessment and that is within the control of the lessee.



F. Equity

Capital management

The Group's core objectives when managing capital are to:

- protect the interests of beneficiaries of the Common Fund
- protect the interests of the Crown
- ensure the safety of the capital position
- ensure the capital base supports the strategic business objectives and the agreed risk appetite
- return any surplus capital to the Crown, where prudently available after meeting the Group's future strategic goals, so that it may be used to fund other Crown priorities.

The objectives are to safeguard the Group's ability to continue as a going concern while building a sustainable long-term financially viable business.

For capital management purposes, capital includes contributed equity, reserves and retained earnings less the carrying value of intangible assets and deferred tax assets.

The Group maintains a minimum level of capital at all times, which is consistent with its overall risk position.

The Group's working capital is invested in accordance with the investment policy of the Common Fund. There has been no material change in the Group's management of capital from the prior year.

G. Financial risk management

The main financial risks that Public Trust is exposed to are interest rate risk, credit risk and liquidity risk.

(a) Interest rate risk

Through its investments in interest-bearing financial instruments, the Group is also exposed to interest rate risk. Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The objective of the interest rate risk management policy is to mitigate adverse changes in future cash flows due to changes in the applicable rates. This is achieved by investing in assets with similar interest rate resetting terms to those of the financial liabilities and by applying a maximum mean term to maturity for the investment securities of 185 days, resulting in interest rates received on financial assets generally aligning with prevailing market interest rates.

Exposures to interest rate risk are monitored by management on a daily basis and reported to the Management Investment Committee on a quarterly basis. The interest rate risk exposure is also assessed using the value at risk (VaR) method. This method retrospectively measures the range within which the value of assets or liabilities may fluctuate with a certain probability over a certain period of time (the holding period) given the actual interest rates observed each business day during the prior 12 months.

The Group uses a 95% confidence interval (i.e. there is a 5% probability that the impact from market fluctuations exceeds the level calculated) and assumes a 1-year holding period. The 1-year VaR at 95% confidence level is $1,043,851 in 2024 (2023: $896,491). This is applied to the full range of interest-bearing securities, irrespective of whether those instruments are calculated at fair value or otherwise. The resultant measure is the true economic loss rather than that which would be immediately recognised.

The assumptions on which VaR is based do have some limitations, including the following:

- A 1-year holding period assumes that it is possible to hedge or dispose of positions within that period. This may not be the case for certain highly illiquid assets or in situations in which there is severe general market illiquidity.
- A 95% confidence level does not reflect losses that may occur beyond this level. Even within the VaR model used, there is a 5% probability that losses could exceed the VaR.
- VaR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the day.
- The use of historical data as a basis for determining the possible range of future outcomes may not always cover all scenarios, especially those of an exceptional nature.
- The VaR measure is dependent upon the Group's nature of investments and the volatility of market prices. Given an unchanged investment portfolio, VaR will reduce if market price volatility declines and will increase if market price volatility grows.

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from three principal sources:

- Investments securities
- Trade and other receivables
- Advances to customers

Investment securities

Credit risk of investment securities is managed by a series of policy limits, including minimum counter party credit ratings and total exposure limits to individual ratings categories, industries and types of securities. Concentration of counterparty credit risk is managed through counterparty exposure limits. These policy limits are monitored daily by management and reported to the Management Investment Committee on a quarterly basis.

The overall credit risk of the investment portfolio is measured using the weighted average rating factor method. This, together with any changes in security ratings, is monitored daily by management and reported to the Management Investment Committee on a quarterly basis.

Trade and other receivables

There are no significant concentrations of credit risk from customers, with receivable balances spread across a broad portfolio of customers. The Group manages and controls this risk mainly by undertaking a periodic review of outstanding customer receivables.

Advances to customers

Advances to customers include client overdrafts and advances to beneficiaries of the customer. The Group manages and controls this credit risk by setting limits for each customer based on their particular risk profile and through a periodic review of the amounts advanced to each customer. The credit quality of advances to customers that are neither past due nor impaired is considered to be high as Public Trust is trustee and administrator for the customers and generally has first call over the customers' assets. The allowance for impairment as at 30 June 2024 is $124,580 (2023: $124,580).

The credit quality of financial assets that are neither past due nor impaired based on published external ratings is provided in the following table.

	2024 $000	2023 $000
Long-term credit rating		
AA	5,020	10,585
A	46,733	50,558
	51,753	**61,143**
Short-term credit rating		
A1+	47,149	1,986
A1	223,893	227,594
A2	14,934	7,914
	285,976	**237,494**
Unrated – other financial assets*	14,640	8,727
Total financial assets	**352,369**	**307,364**

* Other financial assets comprise receivable for investment security matured but not yet settled, trade and other receivables and advances to customers.

Total financial assets of $352,369,000 (2023: $307,364,000) represents the Group's maximum exposure to credit risk as at the reporting date and reflects the carrying value of cash, receivable for investment security matured but not yet settled, investment securities, trade and other receivables and advances to customers as disclosed in the consolidated statement of financial position.

(c) Liquidity risk

Liquidity risk is the risk that the Group is unable to meet its obligations associated with financial liabilities as they fall due.

The Group mitigates liquidity risk by managing the maturity schedule of both its assets and its liabilities. On a daily basis, sufficient cash or maturing assets are held to meet all anticipated requirements. In addition, a significant part of the investment portfolio consists of highly marketable securities that can be readily liquidated.

The liquidity position of the Group is monitored daily by management and reported to the Management Investment Committee on a quarterly basis.

Due to the short-term nature of most of the financial liabilities, their fair value is assumed to equate to their carrying value.

The following table sets out the undiscounted contractual cash flows for financial liabilities.

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1-2 years $000	2-5 years $000	Over 5 years $000
2024						
Liabilities to customers	296,228	296,228	296,228	-	-	-
Trade payables	2,091	2,091	2,091	-	-	-
Lease liabilities	17,831	22,967	3,211	2,945	7,569	9,242
Other liabilities	1,170	1,170	1,170	-	-	-
	317,320	**322,456**	**302,700**	**2,945**	**7,569**	**9,242**
2023						
Liabilities to customers	258,375	258,375	258,375	-	-	-
Trade payables	2,371	2,371	2,371	-	-	-
Payable for investment security purchased but not yet settled	3,000	3,000	3,000	-	-	-
Lease liabilities	18,860	24,354	3,200	2,948	7,572	10,634
Other liabilities	827	827	827	-	-	-
	283,433	**288,927**	**267,773**	**2,948**	**7,572**	**10,634**

H. Related party transactions

(a) Group information

Ultimate parent

The Group's ultimate parent is the New Zealand Crown.

Consolidated subsidiaries

- Trading subsidiary – New Zealand Permanent Trustees Limited.
- Non-trading companies – subsidiaries that are non-trading and have no assets or liabilities.
- Nominee companies – subsidiaries that are nominee companies established to undertake business either on behalf of corporate trustee customers in a fiduciary capacity or Public Trust for its managed funds operation. The assets and liabilities are held under trust, and there is no impact on the Group's financial performance, financial position or cash flows.

All subsidiaries are 100% owned.

Unconsolidated structured entities

- Investment funds – as part of its service offering to customers, the Group operates a number of investment funds, established under the 2001 Act, to meet investment management needs of customers. At balance date, there were five (2023: five) funds in operation (excluding the Funeral Trust Cash Fund) with unit holders' funds of $1,107 million (2023: $950 million). The risk of investment losses from unit price declines lies with the funds' unit holders.
- Funeral Trust Cash Fund – funds invested are protected by the Crown guarantee on capital and interest because all fund balances are held within the Common Fund (including revenue earned, investment and cash balances). At balance date, there were unit holder's funds of $17 million (2023: $18 million).

- Special-purpose vehicles – unconsolidated entities wholly owned by the Group. The shareholdings in these entities are held in a fiduciary capacity on behalf of the beneficial owners. These entities are incorporated for a narrow, well-defined objective and operate within contractual financial and operating policies that the Group does not have power to alter. Risk lies with the beneficial owner. The Group receives a predetermined fixed fee directly from the beneficial owner for the fiduciary services provided.

The Group has not provided financial support to the funds and special-purpose vehicles during the year and has no intention to provide support in the future.

(b) Transactions with related parties

The table below provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

	Year	Fees/interest received from related parties $000	Amounts owed by related parties $000	Amounts owed to related parties $000	Investment securities held with related parties $000
Ultimate parent					
New Zealand Crown	2024	3,615	-	-	-
	2023	3,335	493	-	-
Crown-related parties					
Crown entities and state-owned	2024	2,898	1,531	-	62,416
enterprises	2023	1,436	881	2	40,827
Group's unconsolidated entities					
Investment funds*	2024	4,772	447	-	-
	2023	4,193	401	-	-
Funeral Trust Cash Fund	2024	-	-	16,767	-
	2023	-	-	17,996	-

* Excluding Funeral Trust Cash Fund

(c) Terms and conditions of transactions with related parties

New Zealand Crown

Revenue from the Crown mainly arises from an output agreement between Public Trust and the Minister of Justice (with the agreement of the Minister of Finance). The agreement covers certain non-commercial services that are either paid for or subsidised by the Crown to ensure that, among other things, reasons of affordability do not prevent or preclude New Zealanders from obtaining key services relating to the management of their estates and personal affairs.

For the year ended 30 June 2024, Public Trust delivered an additional $1,031,489 of services to eligible customers under the Group's agreement with the Ministry of Justice, which was in excess of the funding received and is therefore not included within fees received from related parties.

Investment funds

The Group receives management fees under the terms of the trust deeds. The Group does not hold units in the investment funds. Any outstanding balances with the investment funds are unsecured and repayable on demand, and interest is paid at market rates.

Key management personnel

Key management personnel comprise members of the Board, the Chief Executive and permanent, seconded or contracted members of the Executive Team. Key management personnel have disclosed that they or their immediate relative or professional associate have had no dealings with Public Trust that has been either entered into on terms other than those that, in the ordinary course of business, would be given to any other person of like circumstances or by means that could otherwise be reasonably likely to influence materially the exercise of the key management personnel's duties in Public Trust.

Key management personnel received the following compensation for their services to the Group:

	Notes	2024 $000	2023 $000
Board member remuneration	L3	233	228
Other key management personnel:			
Short-term employee benefits		3,794	3,632
Termination benefits		-	409
		4,027	**4,269**

I. Commitments and contingencies

(a) Capital commitments
There was no significant capital expenditure contracted for at the end of the reporting period (2023: nil).

(b) Contingent liabilities
The Group had no contingent liabilities at 30 June 2024 (2023: nil).

J. Comparison of budget to actual

Assets and liabilities
Total assets excluding leases were lower than budget primarily due to lower than expected investment securities due to customer money being allocated to the Public Trust investment funds to earn higher returns, and lower than budgeted capital expenditure during the year. Correspondingly, liabilties to customers were also lower than budget.

Revenue
Net revenue exceeded budget by $1.9 million. Higher than budgeted interest rates led to higher than expected interest revenue earned on investment securities. Corporate Trustee Services revenue was above budget primarily due to higher growth in equity markets than budgeted.

The budget included an assumption that Public Trust would not perform work in excess of the annual $3.6 million cap applied in the Ministry of Justice annual agreement, however Public Trust delivered an additional $1.0 million of services to eligible customers above this cap. These services were not reported as revenue as it was in excess of the funding received through the Ministry of Justice agreement.

Expenses
Overall, expenses were $0.3 million above budget mainly due to new remedial work and litigation provisions. This was partially offset by lower than budgeted spend on personnel and lower amortisation due to lower than expected capital expenditure.

Cash flows
Net outflows from investing activities were $16.4 million above budget, while net inflows from financing activities excluding leases were $8.8 million above budget. The higher net inflows from financing activities were driven by higher than expected net receipts from customers, which in turn led to higher net outflows in investing activities due to increased purchases of investment securities.

K. Events after the reporting date

Subsequent to 30 June 2024, there were changes to the Board's composition. Kirsty Campbell and Graham Naylor's term ended on 12 July 2024. Dr Harley Aish, Karen Price, Matthew Harker and Anita Killeen were appointed as Board members in July 2024.

On 26 September 2024, the Board of Public Trust approved a dividend of $2.03 million to the Crown.

There are no other events occurring after the reporting period that have a significant impact on the consolidated financial statements or that require disclosure.

L. Other statutory information

L1. Employee remuneration

The number of employees whose remuneration paid exceeds $100,000 is presented in the following bands.

	2024 Number of employees	2023 Number of employees
$100,000 to $109,999	37	20
$110,000 to $119,999	26	23
$120,000 to $129,999	26	19
$130,000 to $139,999	14	12
$140,000 to $149,999	13	15
$150,000 to $159,999	12	13
$160,000 to $169,999	11	3
$170,000 to $179,999	3	2
$180,000 to $189,999	4	7
$190,000 to $199,999	5	6
$200,000 to $209,999	3	4
$210,000 to $219,999	5	0
$220,000 to $229,999	5	5
$230,000 to $239,999	3	1
$240,000 to $249,999	2	1
$250,000 to $259,999	1	1
$260,000 to $269,999	1	1
$270,000 to $279,999	1	0
$280,000 to $289,999	1	2
$300,000 to $309,999	0	1
$320,000 to $329,999	2	1
$330,000 to $339,999	1	0
$340,000 to $349,999	1	0
$350,000 to $359,999	0	2
$370,000 to $379,999	1	0
$410,000 to $419,999	1	0
$430,000 to $439,999	0	2
$460,000 to $469,999	2	0
$750,000 to $759,999	1	0
$790,000 to $799,999	0	1

Total remuneration for all employees, including key management personnel, consists of fixed remuneration only. Public Trust's policy is to pay a fixed remuneration, which includes base salary and benefits, with reference to the fixed pay market median, which takes into account external benchmarking to ensure competitiveness with comparable market peers. Remuneration is exclusive of any compensation or other benefits paid in respect of employment cessation.

L2. Chief Executive remuneration

Introduction

As a Crown entity, the consent of the Public Service Commissioner is required under Section 117 of the Crown Entities Act 2004, before the terms and conditions of the Chief Executive remuneration is finalised or varied. Effective 1 July 2021, the Public Service Commissioner implemented a new approach for granting consent under Section 117 of the Crown Entities Act 2004. While Public Trust is a Crown entity, in respect of Public Trust's Chief Executive's remuneration, the Public Service Commissioner will treat the organisation as though it were a State-owned Enterprise. The Public Service Commissioner seeks advice from the Secretary of Treasury, on whether the approach taken for Chief Executive terms and conditions is consistent with those taken by State-owned Enterprises, before providing consent.

Methodology used for assessing Public Trust's Chief Executive remuneration

Public Trust manages all matters relating to Chief Executive performance and remuneration through the People, Culture and Change Committee. This Committee is comprised of three Board members, with the Chair of the Board attending all meetings in an ex-officio capacity. The Committee reviews the Chief Executive's remuneration annually and presents recommendations to the full Board for approval.

The Committee ensures the organisation is able to remain competitive in attracting and retaining talent including the Chief Executive. The Committee maintains a current view of market remuneration for comparable Chief Executive roles by engaging an independent remuneration consultant every two years. Using this advice as a benchmark, the Committee then considers market movements, the Chief Executive's performance and its "good employer" obligations. Using these insights, they generate a remuneration review recommendation, which is reviewed and approved by the Board. The Board's decision on Chief Executive remuneration is submitted to the Public Service Commissioner for consent.

Public Trust Chief Executive remuneration

Effective 1 July 2022, the Chief Executive's remuneration was increased by 4% to $714,000, which was an increase of $27,795.

Effective 1 July 2023, the Chief Executive's remuneration was increased by 6% to $756,840, which was an increase of $42,840.

The Chief Executive's total remuneration consists of base salary and compensation for employee contributions to KiwiSaver. Public Trust does not offer short or long-term incentives to any employee.

	2024 $000	**2023 $000**
Base salary	735	693
Compensation for employee contributions to KiwiSaver @ 3% of base salary	22	21
Total remuneration	**757**	**714**

L3. Board member remuneration

	Board 2024 $000	Sub-committee 2024 $000	Board 2023 $000	Sub-committee 2023 $000
Ian Fitzgerald	62	-	56	-
John Duncan	39	-	35	4
Kevin Murphy	31	4	28	5
Kirsty Campbell (term ended 12 July 2024)	31	4	28	4
Meleane Burgess	31	-	28	2
Graham Naylor (term ended 12 July 2024)	31	-	28	1
Vicki Sykes (term ended 31 October 2022)	-	-	9	-

The Group incurred $75,934 (2023: $71,167) on behalf of the Board members for expenses incurred while enacting their directorship role. Out of the total, $21,501 (2023: $16,409) relates to Board evaluation and Board member training and development costs.

L4. Redundancy and other termination payments

During the year, seven staff received redundancy and other termination payments totaling $247,931 (2023: nine staff, $473,579).

L5. Insurance and indemnities

Public Trust holds Board members' and officers' liability, statutory liability and professional indemnity insurance cover in respect of liability for loss or costs incurred by a member of the Board or an employee of Public Trust (or any of its subsidiaries) in the course of their duties to Public Trust.

Public Trust indemnifies certain employees in accordance with the Crown Entities Act 2004.

Independent auditor's report

To the readers of Public Trust's Group financial statements and performance information for the year ended 30 June 2024

The Auditor-General is the auditor of Public Trust and its subsidiaries (the Group). The Auditor-General has appointed me, Susan Jones, using the staff and resources of Ernst & Young, to carry out the audit of the financial statements and the performance information, of the Group on his behalf.

Opinion

We have audited:

- the consolidated financial statements of the Group on pages 32 to 62, that comprise the consolidated statement of financial position as at 30 June 2024, the consolidated statement of total comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements including a summary of material accounting policy information; and
- the performance information which reports against the Group's statement of performance expectations for the year ended 30 June 2024 on pages 26 to 29.

In our opinion:

- the consolidated financial statements of the Group:
    - o present fairly, in all material respects:
        - its financial position as at 30 June 2024; and
        - its financial performance and cash flows for the year then ended; and
    - o comply with generally accepted accounting practice in New Zealand in accordance with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS); and
- the Group's performance information for the year ended 30 June 2024:
    - o presents fairly, in all material respects, for each class of reportable outputs:
        - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
        - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
    - o complies with generally accepted accounting practice in New Zealand.

Basis for opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor for the audit of the consolidated financial statements and performance information section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

In addition to the audit, we have carried out audits of collective investment schemes managed by Public Trust, provided remuneration benchmarking information and subsequent to year end have provided anti-money laundering and countering financing of terrorism risk and assessment compliance, which are compatible with those independence requirements. Certain partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the Group. Other than the audit and these additional engagements and dealings, we have no relationship with or interests in the Group.

Public Trust is the supervisor and appointed trustee of an investment scheme which invested in an overseas entity audited by an overseas member of the Ernst & Young international network. This overseas entity failed financially. As a result Public Trust joined a class action on behalf of its client in its capacity as trustee, against the overseas member of the Ernst & Young international network. In assessing whether this matter impacts on auditor independence, real or perceived, we considered the following factors:

- the decision to join the class action was made by Public Trust's client not by Public Trust, and Public Trust will continue to take instruction from its client in this regard;
- the fees earned by Public Trust from this client are considered immaterial to Public Trust, as is the amount of the potential claim;
- Public Trust and its client are not controlling the class action; and
- Public Trust's financial statements and performance information will not be impacted by the outcome of the class action and so this matter does not impact amounts or balances which are subject to audit by Ernst & Young.

Taking into account these factors, Ernst & Young, the Auditor-General and Public Trust are satisfied that the class action does not impact the independence of Susan Jones or Ernst & Young as the appointed auditor of Public Trust.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 62, but does not include the consolidated financial statements and the performance information, and our auditor's report thereon.

Our opinion on the consolidated financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the performance information, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements and the performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board for the consolidated financial statements and the performance information

The Board is responsible on behalf of the Group for the preparation and fair presentation of consolidated financial statements and performance information in accordance with NZ IFRS and IFRS, and for such internal control as the Board determines is necessary to enable the preparation of consolidated financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the performance information, the Board is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004 and the Financial Markets Conduct Act 2013.

Responsibilities of the auditor for the audit of the consolidated financial statements and the performance information

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the performance information, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of the consolidated financial statements and the performance information.

For the budget information reported in the consolidated financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.
- Evaluate the appropriateness of the performance information which reports against the Group's statement of performance expectations.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's

report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the performance information, including the disclosures, and whether the consolidated financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Our responsibilities arise from the Public Audit Act 2001.

Susan E Jones

Susan Jones
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand
30 September 2024

Registered office

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