


# Statement of Intent

2021-24



[publictrust.co.nz](https://publictrust.co.nz)

Public **Trust**





---

# Foreword



Public Trust has been protecting New Zealanders for close to one and a half centuries. As the country's longest-serving trustee organisation, we have been a proud partner and adviser to generations of Kiwi families.



As the world around us evolves at pace, it has never been more important that we adapt and grow with it. We have rearticulated our business strategy for 2020 and beyond to combine the best of our heritage with our customers' needs both for today and in the future. We proudly put our people and our customers first while also focusing on our financial sustainability.

Our strategy is about doing the best for our people, our customers and the wider New Zealand community and striving to perform to the very highest standard so we can deliver on our objectives – to promote, conduct and develop our services and to create a sustainable business that delivers strong employee, customer and financial outcomes.

Leading our strategy is our overarching aspiration to grow a sustainable trustee and supervisory services business that is compelling, relevant and accessible to all New Zealanders.

Looking forward, we are committed to differentiating Public Trust in the market. Our aspiration will drive us to think differently about how we deliver our services with a focus on finding new and innovative ways to serve our customers and communities while providing real value.



---

# What we do for New Zealand



At some point in life, every New Zealander will require one of our offerings, and we want to ensure we are there for them when they need us most. To achieve this, we aim to deliver products and services that are compelling, relevant and accessible to all Kiwis.



As an organisation, we are uniquely placed to put people first and make a real difference in New Zealand communities. This is not just through the products we provide but also by how we guide and protect our customers. As a Crown entity and with our own Act (Public Trust Act 2001), we have a commitment to promote the importance of trustee services and comprehensive estate planning and management while making a positive contribution to educating New Zealanders to improve their financial literacy.

In order to carry out these important obligations, we've rebalanced our focus on the objectives from our Act to bring greater focus to our people, customer and community outcomes. Underpinning this is a new emphasis on elevating our culture of care, which encapsulates our commitment to wanting the best for each other, our organisation, our customers and the wider New Zealand community.

For our customers, our core service offering hasn't changed, but we recognise that the way we deliver our services can be improved to meet the needs of a changing New Zealand population.

We've spent considerable time listening to customers about their expectations of Public Trust. As a result of their feedback, we are introducing new channels to make our services more accessible and integrating these with existing channels to deliver a seamless experience.

We want to ensure that all New Zealanders are easily able to access our services by giving them more choices about how they interact with us and making it more affordable for them to do so. In order to be compelling, relevant and accessible, we have invested in a new online platform that provides customers with increased information and choice when doing business with us. Our online service gives our customer centres more time to focus on the complex needs of our customers in line with our culture of care.

Our commitment to putting people first is also evidenced through our suite of offerings and services for our corporate, business and charitable sectors.

As one of the country's largest charitable trust administrators and advisers, we assist more than 410 charities with extensive expertise in charitable gifting and the establishment of charitable trusts and purposes. We also provide services to tertiary education providers and an array of services to fiduciary customers. Our Corporate Trustee Services offers some of Australasia's best-known institutions a full range of trustee services across a diverse portfolio of products, and we also supervise a number of KiwiSaver and superannuation scheme providers.

By truly putting people at the heart of everything we do across all aspects of our operations and with relevant and accessible products and offerings, we are focused on growing a sustainable business that will be here for another 150 years.







## We've reinvigorated our strategy for a sustainable future

We've unveiled a new strategy that puts our customers and our people first while also focusing on our financial performance. We're elevating our culture of care and putting people at the heart of everything we do, all with our eye firmly on growing a sustainable business that will remain relevant in Kiwis' lives for another 150 years.

## Our strategic aspiration

To **grow** a **sustainable** trustee and supervisory services business that is **compelling**, **relevant** and **accessible** to all New Zealanders.

### Our customers

We provide trustee, licensed supervisory and estate management services including all associated legal, financial and other services nationally.

### Retail and Investments

We provide Kiwis around the country access to comprehensive trustee and estate management services, with a focus on Auckland as a key growth area.

We focus on these customers:



Retirees



Empty nesters



Older families



Younger families

### How we'll execute our strategy

We'll execute our strategy by focusing on our **customers and communities**, **people-led business design**, **channels** and **technology**.



### Customer and communities value propositions

to achieve great outcomes



### People-led business design

to boost customer and employee experiences

### We'll get there with great culture and capabilities

Our capability investments are focused on elevating our **culture** of care, **growing** our talent and **enabling** new ways of working.



### Vision and values



### Technical capabilities



### Employee value proposition



### Leadership development





### Corporate Trustee Services

We protect Kiwis' investments by providing corporate trustee services to large funds and schemes.



**Supervisor**



**Trustee**



**Custodial**



#### Channel

to increase accessibility of all our products and services



#### Technology

to enable strategic initiatives



#### Change management



**Digital**

## Our goals

By financial year 2023:

### People

**70%**

employee engagement

### Customer and community

**50+**

Customer Heartbeat  
NPS

### Financial

**\$12-15m**

underlying net profit



---

# Delivering on our strategy



We are focused on changing our service delivery to differentiate Public Trust from our competitors. We will do this by offering products and services that are compelling and relevant for our customers and ensuring that they are accessible from a convenience and affordability perspective.



We will deliver on our strategic aspirations and reach our expanded customer base by focusing on five key themes:

- Reinventing our customer and community value proposition.
- Expanding our existing channels and introducing new ones.
- Using people-led business design practices to improve processes.
- Optimising existing technology while experimenting with new solutions.
- Enhancing our culture and capabilities by growing our talent, enabling new ways of working and elevating our culture of care.

Our three strategic goals are critical to ensure we are able to deliver on our strategic aspiration.

## 1. Being a good employer

Our Māori name is Te Tari Tiaki Iwi – *the organisation that takes care of people*. We're living up to this name by putting our people and their wellbeing at the heart of everything we do.

To support the delivery of our strategy, we are developing culture and capabilities across three core pillars: elevating our culture of care, growing our talent and enabling new ways of working.

Our goal is to transform how we engage with and develop our people. We recognise that they must be our biggest advocates but that they need the leadership and customer service skills as well as technical knowledge to facilitate this. We are implementing people-led business design – a method of working with employees collaboratively to design new initiatives and business improvements in a way that will make it easier for them to deliver great outcomes to our customers.

### What success will look like by 2023

- Increased employee engagement.
- Increased employee retention.
- Reduction in total recordable injuries.

## 2. Serving our customers and communities

We are committed to making it easy for New Zealanders to make decisions and access products and services that help protect their whānau and assets – both now and into the future.

We're focusing on five key areas:

- Creating a better customer experience by putting people and empathy first.
- Finding the most effective ways to engage different demographics and customer segments.
- Exploring new pricing models and ways to deliver services that customers value most.
- Lifting our brand reputation and awareness.
- Delivering a positive social impact for Kiwi communities.

We are also introducing new channels to make our services more accessible and integrating these with our existing channels to make the experience as seamless as possible.

To ensure our products and services are compelling, relevant and accessible, we are leveraging our investment in technology and building future capability. This provides our customers with more information and choice when doing business with us online and allows our customer centres to increase their focus on specific and complex customer needs.

Implementing people-led business design will boost customer experience while increasing accessibility of all products and services by using technology to enable strategic growth.

### What success will look like by 2023

- 50+ Net Promoter Score (NPS).
- Increased customer retention.
- New customer growth.
- Increase in website visits.





### **3. Delivering sustainable financial outcomes**

In order to deliver on our objectives for our people, customers and communities, we need to ensure we continue to build a strong and enduring business. Over the past 5 years, Public Trust has provided positive financial results for our shareholder, and continuing to strengthen our financial performance will allow us to seek out new ways to improve our employee and customer experience.

To ensure our ongoing financial strength, our intention is to:

- deliver new growth strategies focused on reaching new customer segments
- optimise our systems and processes to further improve productivity
- sustain our investment in our people and business
- be prudent in our Common Fund investment decisions to ensure the government guarantee is managed within Ministers' expectations – this includes reporting on risk metrics that monitor our Common Fund risk exposure in our annual Statement of Performance Expectations
- ascertain a prudent level of solvency capital, which will then inform a future dividend policy.

#### **What success will look like by 2023**

- Revenue growth.
- \$12-15m underlying net profit.
- Increased productivity.





## Health, safety and wellbeing

We're taking care of our people's physical, emotional and mental wellbeing through the four pillars of our health, safety and wellbeing plan:

- Health and wellbeing – encompassing our people's physical, emotional and mental wellbeing.
- Leadership and culture – our leaders role modelling health, safety and wellbeing practices to ensure they are part of everything we do, every day.
- Risk management – effective management and monitoring of risks.
- Systems and processes – robust systems that enable safe and healthy work practices.

Comprehensive wellbeing programmes are available for everyone to participate in, and our culture of safety and wellbeing is continually monitored and assessed.





## A great place to work

We have taken the next steps in the evolution of our strategy by first and foremost putting focus on creating a better environment for our people – putting them at the heart of everything we do. We believe that employees who feel capable, confident and supported will bring their best contribution to work, and this is crucial for us to deliver a great experience for our customers.

Our people must be Public Trust's biggest advocates and be supported with the leadership skills and technical knowledge they need to do their best work every day.


We've worked to deliver better outcomes for our people and lift their engagement and satisfaction in their work at Public Trust through a number of initiatives including:

- flexible ways of working and embracing new technology
- a significant upgrade of our core technology – making our systems easier to use and setting us up for a better digital future
- a new recognition and rewards programme co-designed by our people, for our people
- our Tiaki wellbeing programme
- a significant, ongoing investment in leadership development
- a new connection platform for our people – Workplace
- giving our people greater voice through the introduction of Compass Pulse surveys and using their insights to take action and make Public Trust an even better place to work.




---

# Strong risk frameworks



Managing and mitigating risk helps us achieve our strategic goals, drive operational excellence and ultimately deliver good customer outcomes.





Public Trust has a comprehensive risk framework that follows the three lines of defence model to manage and monitor risk, compliance and conduct across the business. The framework provides our Board and Executive team with regular reporting of all significant strategic and operational risks.

Our risk management policy and compliance assurance programme detail the processes and procedures for the management of all business risk and compliance obligations. We operate within a comprehensive financial risk management framework that covers credit, liquidity, market and operational risks.

In 2020, we have navigated the increased financial uncertainty due to the COVID-19 pandemic while balancing our objectives of people, customers and community and long-term financial stability.

While the risks that our business may face are constantly evolving, as evidenced by the COVID-19 pandemic, we continue to evaluate key risk areas. We have identified the following general risks and their respective mitigants.

### **Customer outcomes**

**Risk:** There is a risk that our products and services do not meet the changing needs and/or expectations of New Zealanders.

**Mitigants:** Public Trust will ensure we understand the needs of our current and future customers and communities by obtaining their feedback and input. In addition, we will make changes to our product and service propositions and delivery so they remain compelling, relevant and accessible to meet customer needs. Finally, we will expand and improve our channels of customer engagement, aiming to deliver a great customer experience through making our processes simple, easy and seamless.

### **Our people**

**Risk:** There is a risk that our people are less engaged and motivated or experience stress or anxiety, in particular relating to the impacts of the COVID-19 pandemic and the ongoing changes being implemented across Public Trust.

**Mitigants:** We will implement a strong focus on developing our people leaders and enhancing the resilience of our people by providing additional support and development. We will obtain and respond to regular feedback from our people. Adopting a people-led design approach to identifying opportunities and implementing change will ensure that we remain focused on better people outcomes. The economic impacts of COVID-19 will motivate our people to seek job security, reducing the likelihood of turnover. However, our organisational focus will not shift from improving our employee experience by reviewing our workforce strategy including how we reward our people.

### **Financial performance**

**Risk:** There is a risk that our financial projections included in the Statement of Performance Expectations cannot be achieved as a result of internal or external events that negatively impact financial performance.

**Mitigants:** We will implement strong management, monitoring and oversight of performance against forecasts, as well as continuing to focus on executing revenue growth opportunities, improving our operational efficiency and supporting our people to succeed. It should be noted that some financial performance areas are not within the direct control of Public Trust management, in particular those directly linked with external market performance.





## Our commercial valuation

The current commercial value of the Crown's investment in Public Trust is estimated at \$82.9 million, calculated on a value-in-use basis and prepared on 1 May 2020 with a valuation date of 30 June 2020. The value-in-use basis does not necessarily represent what a buyer would pay, as they would also consider our business plan, capital requirements and any implications relating to the availability of the government guarantee on the Common Fund.

A discounted cash flow methodology was used to calculate a net present value of the Public Trust Group, including all subsidiaries, on an after-tax basis. This methodology is based on the nominal future cash flows for separate business units as set out in Public Trust's 3-year business plan, with forward projections made for years 4 and 5. A terminal value is calculated after normalising the cash flow in the final year of the projection period for tax and depreciation, and then a growth rate of 1.5% is applied.

The cost of capital components have been updated and the overall discount rate for this valuation was calculated at 9.71% (this was 9.50% in 2019). The valuation was prepared by Public Trust's Finance team, and the methodology and calculations were externally peer reviewed before approval by the Board. The valuation includes the benefit to the Crown of Public Trust's cumulative tax losses.

The current commercial valuation is summarised and compared with the previous valuation below:

Commercial value – 2020 compared to 2019	Actual 2020	Actual 2019
Discount rate	9.71%	9.50%
<b>Commercial valuation</b>	<b>\$82.9m</b>	<b>\$80.9m</b>
Adjustment for change in discount rate*	\$3.9m	(\$4.6m)
Comparative commercial value	\$86.8m	\$76.3m

\*The discount rate weightings to calculate this adjustment have been based on 2020's business unit cash flow forecasts.

## Notes

The following points should be noted in relation to this commercial valuation:

- Cash flows used for valuation purposes assume the Crown statutory guarantee on the Common Fund is maintained.
- The valuation includes the benefit to the Crown of Public Trust's cumulative tax losses. (It is unlikely that these could be utilised by a purchaser.)





# Te Tari Tiaki Iwi

The organisation that takes care of people

