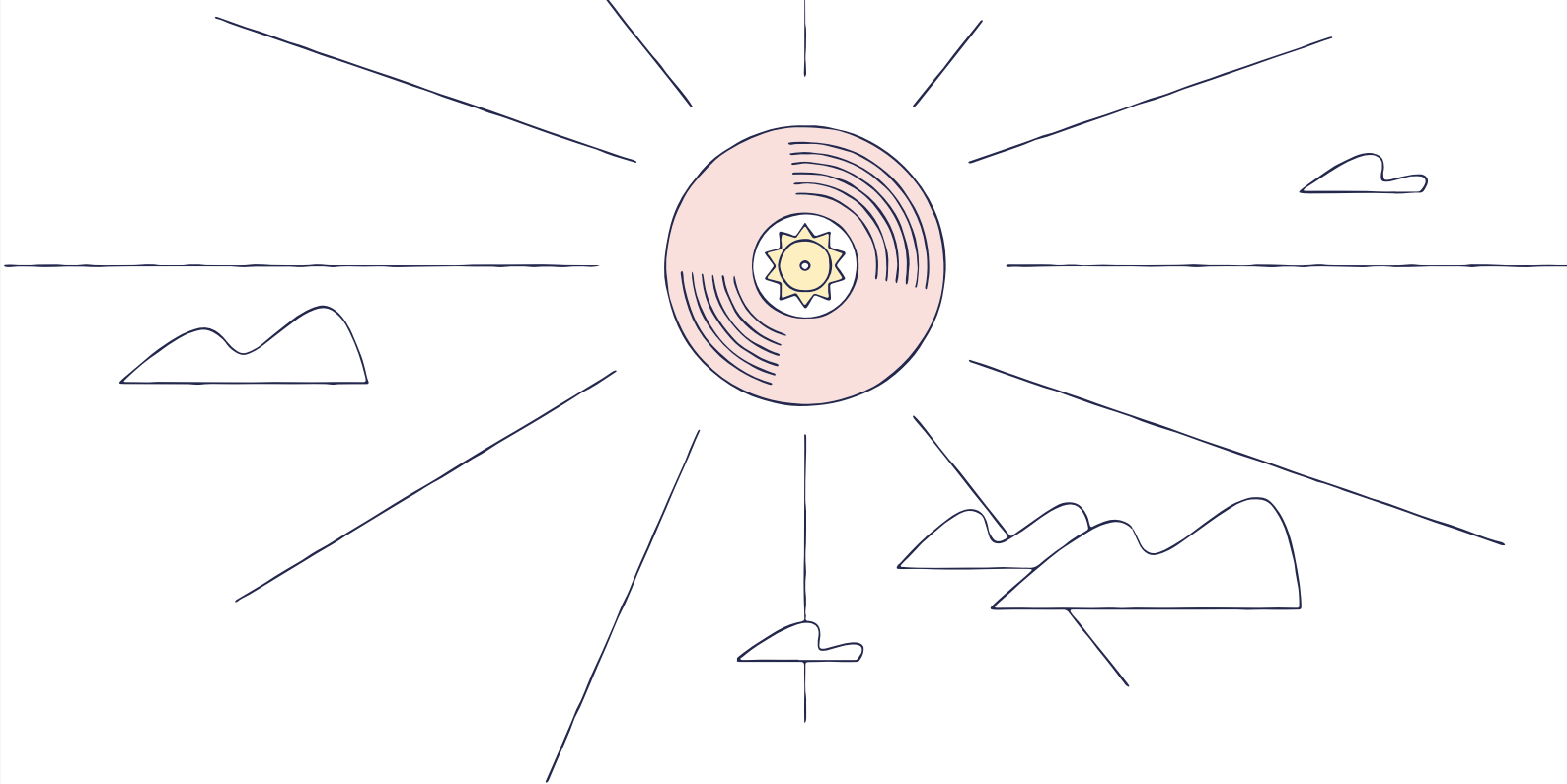


Statement of Intent

2024 - 2027







Introduction

Public Trust is New Zealand's largest provider of trustee and estate administration services.

We employ over 400 people across our corporate offices and network of customer centres. At some point in life, every New Zealander may need 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 New Zealanders. Our strategy sets out six ambitions that will help us achieve this aspiration. These are shared in this Statement of Intent along with the outcomes they will deliver for New Zealand.

Public Trust delivers trustee and comprehensive estate administration services for individuals through our Retail business and provides corporate trustee, supervisory and custodial services through our Corporate Trustee Services business. We also have an important role to play in the charitable trust sector.

With such a broad remit and a rapidly changing external environment that impacts all New Zealanders, our work is now more important than ever. We do everything we can to advocate for New Zealanders' legacies, no matter how big, small or complex, finding innovative ways to help create an empowered, confident New Zealand where people can worry less about death, money and the future.

Purpose of this Statement of Intent

This Statement of Intent sets out our strategic direction over the next four financial years from FY24 to FY27.

It provides detail on our strategic ambitions as well as the work that will help us achieve them.

Importantly, it also outlines the role we play in the New Zealand community, particularly in supporting the country's recovery from the ongoing impacts of the COVID-19 pandemic, and how we will meet the expectations set by our responsible Minister.

Our annual Statement of Performance Expectations aligns with our Statement of Intent and provides our performance measures and financial forecasts for the year ahead.



Who are we and what do we do

In 2023, Public Trust marks 150 years of helping and advocating for New Zealanders.

Public Trust has always been a people-centric organisation, right from our inception in 1873 when Julius Vogel petitioned the government to step in after he witnessed the exploitation of the estates of vulnerable New Zealanders.

We were established as a government-owned and managed public trustee service – the first of its kind in the world. The idea took off and was subsequently replicated in the UK and throughout the Commonwealth.

Our duty to advocate for New Zealanders extended beyond estates – we were one of the first government departments to hire women and fight for the recognition of mental illness.

It is this advocacy that Public Trust, a self-funding Crown entity with our independence in respect to fiduciary matters guaranteed under the Public Trust Act 2001, continues to do so well – putting customers and our own people at the heart of everything we do.

We are still here today, 150 years later, because what we do matters. Our services are important to New Zealand communities because they help protect the legacies of individuals and their whānau.

From everyday Kiwis putting their estate plans in place to charitable trusts, protecting student fees and supervising KiwiSaver scheme providers, our purpose is to empower all New Zealanders to build and protect their legacies.

We matter to the financial services industry. In our role as a licensed supervisor, we act as a stabilising force, helping ensure the integrity of the financial products and services on offer while also innovating with service offerings that propel the industry towards even higher standards of conduct.

Importantly, we are a mainstay of New Zealand's public and social services framework, delivering valuable and, in many cases, unique services for vulnerable people.

Kia whakatōmuri te haere whakamua

I walk backwards into the future with my eyes fixed on my past

A key strength of our organisation is that Public Trust exists in perpetuity and that we will continue to advocate for New Zealanders for the next 150 years and beyond.

While our legacy is important as it gives us a strong foundation of knowledge and expertise, it is what we do next and our plans to fulfil our purpose of empowering all New Zealanders to build and protect their legacies that will ensure our ongoing success.

An autonomous Crown entity

Public Trust is a state sector entity under the remit of the Public Service Commission. We believe in the Commission's stated aspiration that those in the public service must act in the spirit of service to their communities.

Specifically, we are 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 Minister.

The Public Trust Act 2001 sets out that our principal obligation 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.

How we are funded

Public Trust is self-funding. This means we must generate enough revenue through the provision of our services to grow our capital, return a dividend to our owner and continue to operate and reinvest in our people, technology and processes so that we can better serve New Zealanders.

We also have a contract for services with the Ministry of Justice for the work we do with some of New Zealand's most vulnerable people, including (but not limited to) work under the Protection of Personal and Property Rights (PPPR) Act 1988 for customers who would otherwise be unable to financially access our support.

Public Trust has recently completed a capital management review, which has been acknowledged by Treasury and our responsible Minister. The review has established the level of capital required for Public Trust to continue building a sustainable business for the long-term. The review has also helped determine the threshold beyond which surplus capital will become available to return to the Crown.

Now that our capital management plans have been agreed by our Board and noted by Treasury and our responsible Minister, work has begun on a dividend policy that sets out the financial return we plan to make to our owner.

Our unique role in the New Zealand community

Through the legislative statutes that we fall under, there are a number of functions that only Public Trust can provide. These relate to roles we hold as the public trustee to look after the financial affairs of New Zealanders who risk being unable to access services from the commercial market and/or where there is a higher duty of care needed that cannot be met by the market.

These include, in certain circumstances, infants, minors and those who are mentally incapacitated.

We are also the only entity in New Zealand that can be appointed to the role of trustee of last resort. This means that we will step in and act as trustee where no other appropriate person or entity is available to perform the trustee role.

Another unique role we play is as the holder and operator of Smedley Station, New Zealand's largest farm cadet training farm. Smedley Station was gifted to the Crown in 1919, and the first training course was run in 1935. Since then, more than 800 young farmers have successfully graduated from its programme.

Our services

The following pages give an overview of what we do and the impact we have in the New Zealand community. A more comprehensive overview of our services can be found in our FY22 annual report.

Our Retail business works with customers on their estate plans – predominantly by writing wills, enduring powers of attorney (EPAs) and trusts – either in our branches or via our online service. We also manage and administer estates, carrying out the wishes laid out in our customers' wills. We are the largest estate administrator in the country, and it is our core business activity.

We are also one of the country's largest charitable trust administrators and advisers, helping more than 420 charities to set up trusts and distribute funds back to our communities.

As at 30 June 2022, our Investments team managed \$1.1 billion of funds (\$832 million through our Public Trust Investment Service and \$284 million through our Common Fund), primarily for charities, estate beneficiaries and students.

Our Corporate Trustee Services business provides licensed supervisory services to a number of New Zealand businesses to help ensure consumer and investor trust in the financial system is maintained. Our Corporate Trustee Services business also provides trustee custody, escrow arrangements, debt securities and bond issuance services.

In our Retail business in FY22, we:

- administered 1,470 estates
- sold over 11,000 wills and EPAs
- achieved a Net Promoter Score (NPS) with our customers of 37.1
- funnelled over \$12 million of grants back into our communities through the charitable trusts we administer
- distributed over \$583 million of estate funds to beneficiaries
- saw phenomenal growth of online sales of wills and EPAs – nearly 80% are now made online versus in one of our customer centres
- protected the fees of over 18,500 students through our Fee Protect service
- provided Personal Assist and PPPR services to nearly 1,500 vulnerable New Zealanders, 454 of whom were funded through our contract with the Ministry of Justice.

In our Corporate Trustee Services business in FY22, we:

- had supervisory and/or custodial oversight of \$168 billion of managed funds, \$32.7 billion of which was for KiwiSaver
- supervised 14 KiwiSaver schemes, including four out of the six default KiwiSaver schemes
- processed 96% of the KiwiSaver withdrawal applications we received within 3 days.

Understanding the context in which we operate

As an essential services provider, Public Trust plays an important role in supporting New Zealand's social and economic recovery, as outlined in the 2023/24 Owner Expectations for Public Trust.

Our return to financial profitability in the near term is a critical part of our contribution to this recovery.

We are keenly aware of our obligation to grow a thriving business that contributes to the broader economy through providing employment opportunities, engaging suppliers, paying taxes and serving our customers and communities as part of the public service.

How we adapt our strategy to changes in the broader social, demographic and economic context in coming decades has also informed our strategic thinking and planning as we look to the next 4 years of our operations and beyond.

In recent years, we have seen a growing trend towards intergenerational wealth transfer as well as increased awareness of the importance of estate planning. As people seek to ensure that their assets are passed on to their loved ones in a way that meets their goals and values, ensuring that these assets are robustly managed and that our customers are receiving the best possible information about their investments becomes even more crucial.

The face of New Zealand continues to change as migration and population trends shift the ethnic make-up of our communities. Between 2023 and 2028, the Māori population is forecast to grow by 8.9%, the Pacific population by 9.8% and the Asian population by 15.4%.¹ Increasing our relevance and accessibility to a more culturally diverse population will require us to be sensitive to the cultural, religious and language needs of New Zealanders.

Increasing our relevance and accessibility to Māori is especially important as a Crown entity. Approximately 31% of adult Māori have a will, which is significantly less than the average of 47% for all adult New Zealanders.²

While meeting the needs of New Zealand's Māori population is important work that will be prioritised, we will also work to better understand and respond to the end-of-life needs and customs of other ethnic communities, consistent with our strategic aspiration of being compelling, relevant and accessible to all New Zealanders.

Population projections show that the number of New Zealanders aged 65 or older is likely to reach 1 million by 2028,³ and the implications of an increasing number and proportion of older people in the population will be felt across society. An ageing population requires easy and affordable access to our services, and as life expectancy continues to increase, the duration and way in which trusts and estates are managed will also need to evolve to provide customers with the support and services they need.

As of January 2022, there were over 4.6 million internet users in New Zealand⁴ and demand is increasing for omni-channel service delivery. The biggest users of online and digital services are typically the younger generations; however, it is currently this cohort of our community that has the lowest penetration in both will and estate products. As technology and New Zealand's technology infrastructure continue to advance, there is a need for us to develop our approach to digital inclusion and to invest in our digital tools and platforms to streamline their operations and improve the customer experience.

Becoming more responsive to our society's changing needs, beliefs and aspirations is critical to our success.

¹ National ethnic population projections, by age and sex, 2018(base)–2043 update, Stats NZ Tatauranga Aotearoa

² Will they, won't they – half of all Kiwis have no will, Te Ara Ahunga Ora Retirement Commission

³ One million people aged 65+ by 2028, Stats NZ Tatauranga Aotearoa, 27 July 2022

⁴ Digital 2022: New Zealand, DataReportal, Simon Kemp, 15 February 2022

FY24–FY27 strategy on a page



Our strategic imperative

Who we are

Our purpose:

At Public Trust, we empower all New Zealanders to build and protect their legacies

Our values:

We make the tricky seem simple

People are at the heart of everything we do

We are better when we work together

We have the courage to make a difference

Our strategic direction

What our future will be

Our aspiration:

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

Our strategic intent

What we will achieve by FY27 to realise our aspiration and purpose

Our strategic ambitions:

Increase the number of New Zealanders who have a will

Grow our share of estate administration services

Grow our Corporate Trustee Services business

Grow our charity and fiduciary investment services

Operate more efficiently

Deliver financial growth

Our delivery approach

How we will deliver our strategy

Our enablers:

Building our cultural competency

Culture of care

Governance

Risk frameworks

Reimagining our services

Health, safety and wellbeing

Public Trust's FY24–27 strategy

Public Trust's strategic aspiration is to continue to grow a sustainable trustee and supervisory services business that is compelling, relevant, and accessible to all New Zealanders.

Our purpose, to empower all New Zealanders to build and protect their legacies, drives our strategic thinking and our values guide the way we work and how we show up for our customers and each other.

We have six strategic ambitions for FY24 – FY27 to help us achieve our strategic aspiration and live and breathe our purpose.

Our six strategic ambitions

Increase the number of New Zealanders who have a will

- Wills are at the heart of our service offering. Research tells us that currently around 47% of adult New Zealanders have a will.⁵ Families may experience significant pain when a loved one passes away without a will in place. Assets become much harder to access and may not be allocated in the way that the deceased person desired or that would be best for those left behind. Making a will empowers people to ensure that their wishes are known and will be respected after they are gone.
- Our ambition to significantly increase the number of New Zealanders with a will is motivated by our desire to see that the things that matter most to people are passed on to the people or organisations that matter most to them, with as little complication as possible.
- To achieve this ambition over the next 10 years means partnering with organisations in our ecosystem to make it easier to raise awareness of the importance of having a will and make getting a will more accessible to New Zealanders.
- To support this goal, we will focus on growth mainly through online channels, targeting customers segmented by age, ethnicity, location and propensity to complete a will.

Grow our share of estate administration services

- Administration of a deceased estate can be overwhelming for family members at a time of grief.
- We can support more New Zealanders to have a positive experience of estate administration through simplifying the process and providing blended (or 'omni') service options to support customers throughout the journey, particularly those who are appointed executor of an estate.
- We will actively seek ways to improve our proposition to make it more accessible and user-friendly so that a greater number of customers elect to have Public Trust perform estate administration as part of their will-making process. To do this will require us to focus on understanding and respecting different cultural customs and needs whilst balancing the expertise required to fulfil our duties.
- We will be successful in this ambition by continuing to invest in training for our people and staying closely connected to our customers, engaging with them to ensure their needs are met and maintaining a relationship with them over the medium- to long-term.

Grow our Corporate Trustee Services business

- More New Zealanders than ever may rely on KiwiSaver and their other investments as a primary source of income over the coming years. Ensuring that these assets are managed in a secure, predictable and transparent way is critical to people's financial security and wellbeing.
- As a corporate trustee we build confidence in the financial services industry by monitoring a range of New Zealand businesses to ensure they meet their compliance obligations so that investor interests are protected. In particular, our role as a licenced supervisor sees us providing this protection for investors in KiwiSaver and managed investment schemes.
- Continuing to increase the number of schemes we supervise will give us scale and influence to advocate for the best possible outcomes for these investors.
- We know, however, that this will be harder than it looks. This is because the market is maturing and there are fewer new KiwiSaver providers entering the market than there were 10 years ago. This ambition is as much about growing the number of clients we work with as it is engaging and retaining existing customers in a highly competitive landscape.
- Applying our considerable industry experience and relevant expertise, our Corporate Trustee Services team builds quality relationships with our clients to understand their aspirations and provide them with the advice and support they need to ensure that they are meeting their obligations whilst achieving these goals. We will work closely with the Financial Markets Authority to understand its requirements for supervisors and continue to evolve our practices, operating model and technology.

Grow our charity and fiduciary investment services

- Many of our customers want to donate to and support good causes as part of the legacy they leave behind – this is important to customers and a natural extension of our services. Providing appropriate returns for the charities we administer and the funds of fiduciary clients is an important role we play for the good of New Zealand.
- We have developed strong capabilities as a trustee for charities and in the management of charitable grants. We see the opportunity to provide these services for more New Zealanders who are seeking to 'do good' throughout their lives as well as through monies bequeathed from their estates.
- To achieve this aspiration, we will look to build on the relationships we have in the charitable services market and develop propositions that create more opportunities for Public Trust customers to support charitable outcomes.

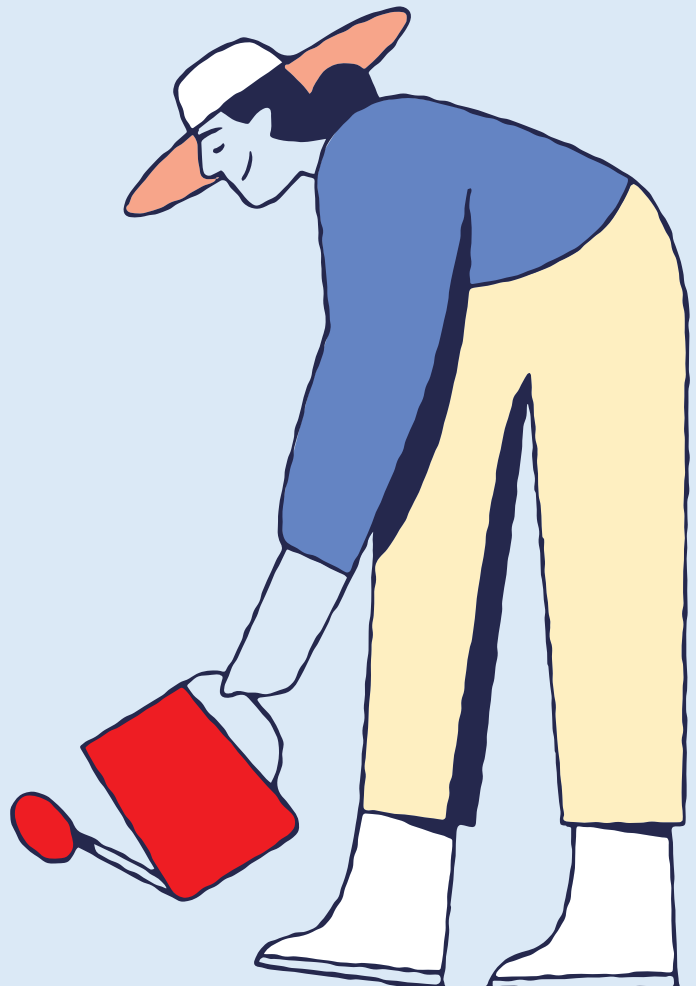
⁵ Will they, won't they – half of all Kiwis have no will, Te Ara Ahunga Ora Retirement Commission

Operate more efficiently

- The cost of living in New Zealand has been a growing concern in recent years due to factors such as inflation, fluctuating house prices and the ongoing impacts of the COVID-19 pandemic. We need to operate efficiently to ensure that our offerings remain compelling, relevant and accessible to customers in a world where every dollar matters.
- Our ambition is to continue to improve our operational efficiency to a level that ensures we have a sustainable cost base while continuing to deliver our services to a high standard.
- Operating in an uncertain environment with rising costs requires disciplined cost management and targeted investments in process improvement to drive efficiency.
- Optimising our workforce design, digitisation of services and product analytics will result in a more scalable offering and a reduced cost to serve.

Deliver financial growth

- Public Trust is focused on delivering a sustainable profit so that we can not only provide a return to our owner but also continue to invest in technology, processes and our people so that we can enable better outcomes for our customers and New Zealand's communities.



How we are delivering our strategy and measuring our performance

Underpinning our strategy is the combination of processes, capabilities, information and technology that we will use to deliver our strategy and help define how we add value in the New Zealand community.

Building our cultural competency

In our role as an autonomous Crown entity and as an organisation that aspires to provide relevant, compelling and accessible services to all New Zealanders, Public Trust has both an obligation and desire to form stronger relationships with Māori as a key customer segment.

While we are relatively early on our journey, we are committed to building our people's Māori cultural capability, including their knowledge of tikanga Māori, te ao Māori, New Zealand history and how to consciously consider unintended biases as we undertake our day-to-day activities. We are promoting and supporting the revitalisation of te reo Māori by consistently using it in our communications and meetings.

As Public Trust marks our 150th year, New Zealand is having a renewed and reinvigorated conversation about te Tiriti o Waitangi and tikanga Māori. The Supreme Court has also recently confirmed that the principles of tikanga Māori do in fact form part of New Zealand common law – this is a decision that is particularly relevant to our business.

Consequently, Public Trust is actively seeking opportunities to engage appropriately and often with Māori on relevant issues. We are particularly interested in learning more about Māori perspectives and customs for end-of-life planning so that we can adapt our services and are looking to partner with Māori to lift education and uptake of our services.

We recognise that building stronger relationships with Māori and improving our own cultural competency will take time. Given the perpetual nature of our business, we are deeply committed to making progress so that the legacies of Māori and their extended whānau are protected for generations to come.

Culture of care

Our culture of care is fundamental to our strategy. It compels us to work in a way that shows care for our people, our customers and our financial performance.

It also recognises the unique role our people play in straddling the line between deep knowledge and expertise and empathy.

Our people genuinely care about delivering good outcomes for others through their work. Many of them work at Public Trust for this reason, and our mission over the last 4 years to 'elevate our culture of care' acknowledges the fact that care is part of our organisation's DNA.

Strengthening the experience our people have of working at Public Trust through our culture of care work has connected our people to our organisational purpose and helped them to deliver great experiences for our customers, which in turn has improved our financial performance.

While our culture of care shows up in almost every aspect of work at Public Trust through our actions and language, the foundational elements are:

- our four values and our purpose
- a model for conversations that allows us to connect, contribute and co-create, particularly around change
- a comprehensive wellbeing programme that allows us to respond to our people's needs
- ongoing recognition that acknowledges the importance of not just what our people do but how they go about it
- a significant, ongoing investment in leaders to help them 'model the way'.

Over the next 4 years, our culture of care work will focus on the following:

- Developing career pathways for all roles that require specialised trust and estate management knowledge so that our people can grow their skills and increase their remuneration at Public Trust while also cementing our place as the industry's employer of choice.
- Further strengthening our health, safety and wellbeing so that we maintain our best-in-class health and safety management system.

As our people continue to adapt to impacts from the COVID-19 pandemic, we will work closely with them to develop an employee experience that maximises their engagement and performance. Continuing to listen and respond to our people's feedback will help us enhance and embed new ways of 'hybrid working' that support not only our people's wellbeing and work experience but also the delivery of our services for customers.

Governance

A full overview of Public Trust's governance, including our Board structure, can be found in our most recent annual report.

While Public Trust has well-established governance practices and standards, we are also conscious of continuing to adapt our approach and address emerging issues. We consider emerging governance issues through the lens of our status as a Crown entity. In practice, this means that there may be some areas of governance where we are unique or that certain practices are beyond the Board's control.

Significant progress has been made on developing Public Trust's governance frameworks over the last 3 years. Public Trust has made good progress in proactively addressing several key governance issues, including Board effectiveness and digital resiliency.

However, we have work to do to mature our approach to environmental, social and governance (ESG) issues and prepare Public Trust to contribute to the lowering of New Zealand's greenhouse gas emissions. We have already taken some action by developing a greenhouse gas emissions reporting tool. Moving forward, management's view is that it is necessary to begin working on:

- ensuring compliance with the Carbon Neutral Government Programme and greenhouse gas emissions reporting, reduction and mitigation
- establishing ESG/integrated reporting frameworks
- setting greenhouse gas emissions targets.

The first proposed step on this journey is to increase management's and the Board's level of knowledge around these frameworks and expectations, as well as climate science more generally. Once baseline knowledge has increased, management will work with the Board to establish reporting frameworks and emissions targets.

Risk frameworks

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, operational and external risks.

Work over the last few years to better understand our risks and strengthen our decision making has seen an uplift in our risk management maturity, resulting in improved operational certainty.

Our risk management policy and compliance assurance programme detail the processes and procedures for the management of all business risk and compliance obligations.

Public Trust operates within a comprehensive financial risk management framework that covers credit, liquidity, market and operational risks.

Our governance approach positioned us well to navigate the pandemic. Now, we are managing risks relating to a rapidly changing and uncertain financial market that is still bearing the impacts of COVID-19, including high inflation across global markets and supply chain challenges as well as international conflict and cybersecurity risk.

These uncertainties have sensitised our customers to cost and risk, which means we must continue to innovate to deliver our products and services in a way that is compelling, relevant and accessible to meet their expectations of value for money while ensuring the highest levels of rigour in meeting compliance and legislative obligations.

On the corporate side of our business, we must also adapt and evolve our services to support our clients as they navigate uncertainty and volatility in financial markets. We continue to invest in developing risk-based assurance frameworks that ensure we deliver high-quality supervisory services in an increasingly complex regulatory environment.

For our people, a highly competitive job market means they have greater employer choice. This compels us to ensure our people are engaged and happy in their work by focusing on what they tell us makes Public Trust a great place to work such as career development, wellbeing and reward.

Reimagining our services

We have taken strong first steps to digitise our business. The acquisition of the PT Online wills and EPA platform in 2020 marked our first foray into the delivery of digital services. This platform has subsequently been integrated into customer centres, meaning that customers can now start writing a will online and then visit us at a customer centre for support or vice versa.

Investments in Microsoft Office 365, enhancements to our NavOne ERP and a reorganisation of our Information Technology team to grow our capabilities in strategy, architecture, delivery and cybersecurity have all helped build a platform for future digitisation. An information management review has provided a roadmap to mature Public Trust's information management practices.

Work is under way to develop a virtual servicing framework, creating a map that connects our customers with our digital environment. Virtual servicing is a holistic approach that aligns our products and services, channels and customers with our organisational structure, employee capabilities and workflow management technologies.

Our aspiration is that, by 2025, our customers will be choosing to use virtual and digital services that have been designed to provide convenient, efficient ways of working with Public Trust.

Our people will have robust and user-friendly engagement tools to work with customers digitally, virtually or in one of our customer centres. They will be able to make effective use of the technology and tools available to them to offer great customer experience and support Public Trust to meet our objectives and targets.

To achieve this aspiration, ongoing investment will be required in cloud computing, digitisation of services such as probate, upgrading our contact centre technology and maturing our information management capabilities. We will also need to work hard to understand the different customers we aspire to serve and connect with them in ways that are authentic and culturally safe.

We will continue to review our national property footprint to ensure that we have a retail and office network that supports our virtual servicing strategy to be available in person for those that most need us and best positioning us to deliver an accessible, cost-effective service to more New Zealanders.

Health, safety and wellbeing

We have made a significant investment to redesign our health and safety framework to allow us to proactively respond to the risks that are most likely to harm our people and customers.

To build this framework, we worked closely with our people across the organisation to identify what these risks are and what controls are already in place and their effectiveness.

On completion, it was externally validated as comprehensive and effective using the Safe365 programme, with the findings audited by Deloitte.

The programme of work to design and build our new health and safety framework has resulted in significant enhancements to Public Trust's health and safety practices.

Examples of these enhancements include:

- centring our approach on supporting the mental health and wellbeing of our people
- providing extensive training to de-escalate and support customers in vulnerable situations
- a significant investment in technology, training and policy to provide better protection to employees during off-site visits
- the introduction of new protocols for vehicle safety to reduce the risk of roll-overs on farms.

A robust and ongoing verification and audit plan is in place and includes monthly reporting to our Executive and Board.

Over the next 4 years, management will work closely with our people to ensure our health and safety framework continues to meet the needs of our people and our organisation.

We will continue to embed and enhance this framework on our farms, particularly at Smedley Station, which is now positioned as a leader in the agriculture sector for safety practices and is well positioned to pass on this expertise to the next generation of farmers.

In our retail environment, significant efforts to upskill our employees and improve work design will continue to reduce risks to safety and wellbeing and increase engagement outcomes for our people.

Our Tiaki wellbeing programme will continue to be a cornerstone of our health, safety and wellbeing work, with a focus on creating specialised initiatives that explore how good mental health and wellbeing practices can be built into our everyday work.

Measuring our performance

We measure our progress and success by tracking metrics across people, customer and financial performance.

These metrics are disclosed in our annual statement of performance expectations where we share the previous financial year's outcomes, how we are tracking in the current year and how we expect to perform in the coming financial year.

Our annual report also shows the outcomes against our people, customer and financial performance metrics for the most recently completed financial year.

Public Trust's commercial valuation

The current commercial value of the Crown's investment in Public Trust is estimated at \$92.4 million, calculated on a value-in-use basis and with a valuation date of 30 September 2022. 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.

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

Commercial value 30 September 2022 compared to 30 June 2020	Actual 2022	Actual 2020
Discount rate	10.20%	9.71%
Commercial valuation	\$92.4m	\$82.9m
Adjustment for change in discount rate*	\$3.1m	\$3.9m
Comparative commercial value	\$95.5m	\$86.8m

* The discount rate weightings to calculate this adjustment have been based on 2022's business unit cash flow forecasts.

The key points on the valuation approach are noted below:

- the discounted cash flow (DCF) methodology was used to calculate a net present value (NPV) of projected future cash flows of the Public Trust Group, including all subsidiaries, on an after-tax basis
- the DCF/NPV was based on the nominal future cash flows for separate business units as set out in the most recent financial forecast, with forward projections made for a total of 5 years
- the terminal value was 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% was applied
- 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. (It is unlikely that these could be utilised by a purchaser.)
- cash flows used for valuation purposes assume the Crown statutory guarantee on the Common Fund is maintained.



Registered office

Public Trust Corporate Office

SAP Tower
Level 16, 151 Queen Street
Auckland CBD 1010
Private Bag 5902 Wellington, 6140

0800 371 471
info@publictrust.co.nz
publictrust.co.nz

