publictrust.co.nz

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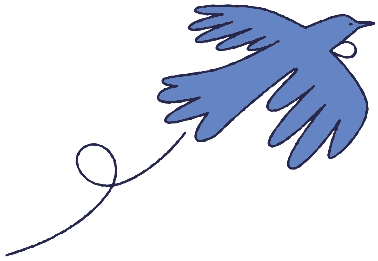
Annual Report

2022/23

Public Trust

150 Years of Public Trust

1873—2023



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 2023 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 2022 to 30 June 2023.

Ian Fitzgerald
Chair
Public Trust Board

Kirsty Campbell
Chair
Public Trust Audit and Finance Committee

26 September 2023

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Message from the Chair and Chief Executive

He pānui nō te Heamana me te Kaiwhakahaere Matua

Building a future on our 150-year legacy – with Ian Fitzgerald, Board Chair

Kia ora koutou katoa

As the country's longest-serving trustee services organisation, Public Trust is proud of our heritage of being trusted by New Zealanders since 1873. As we mark our 150-year anniversary, I am pleased to note that Public Trust returned to profitable financial performance during the year as we continued to advance key strategic initiatives.

Our stronger financial position coupled with the experience that comes with a century and a half of service means that we are well positioned to continue to help New Zealanders protect what matters for generations to come.

Throughout this year's activities, Public Trust has been guided by the whakataukī *Kia whakatōmuri te haere whakamua I walk backwards into the future with my eyes fixed on my past.*

The wisdom of this proverb reflects our ongoing commitment to learning from our past to inform our future. For Public Trust, preparing for our future means understanding the context in which we are operating.

Aotearoa New Zealand is amid rapid social, economic and demographic change, which is driving greater demand for our services than ever before.

An ageing population – the number of New Zealanders aged 65 or older is projected to reach 1 million by 2028 – combined with increasing rates of dementia and other cognitive illnesses will lead to greater demand for our products and services to care for and protect these people.

Similarly, increased use of digital technologies, the impact of AI and machine learning on everyday activities and changing customer behaviour and expectations are accelerating rapidly and we must embrace new ways of working to keep pace.

To help extend our thinking about what New Zealanders need from us beyond these demographic changes, we commissioned new research about the future of intergenerational wealth. The research points to a growing awareness of the value of passing on legacies and a need to do so not just to protect individuals and their whānau but also to enable whole communities to thrive.

Among other compelling insights, the research indicates that many Kiwi are finding it challenging to strike a balance between their desire to leave a legacy and their concern about their ability to access affordable housing and healthcare while also ensuring they have adequate retirement savings. An overview of the research is presented later in this report.

As we look to the future, Public Trust has developed a strategy that allows us to scale and adapt our offering to respond to this changing context and continue to meet the needs of New Zealanders.

Through the upcoming financial year, we will prioritise the work that allows us to reimagine how we deliver our services to customers and seek innovative ways to help New Zealanders to lean into conversations about death, money and their future so that their legacy is protected.

Importantly, serving all New Zealanders means growing our own cultural competency and building strong partnerships with Māori and other cultures to ensure we can work together to meet diverse needs and values. We also need to ensure our team and our services reflect the increasing cultural diversity of wider New Zealand society.

Looking beyond our own service offering, Public Trust is keenly aware of our obligation to influence the direction of our industry more broadly. Our bold ambition to significantly boost the number of Kiwi who have a will requires us to consider how we advocate for and enable legislative and regulatory change that will spark greater engagement with estate planning services.

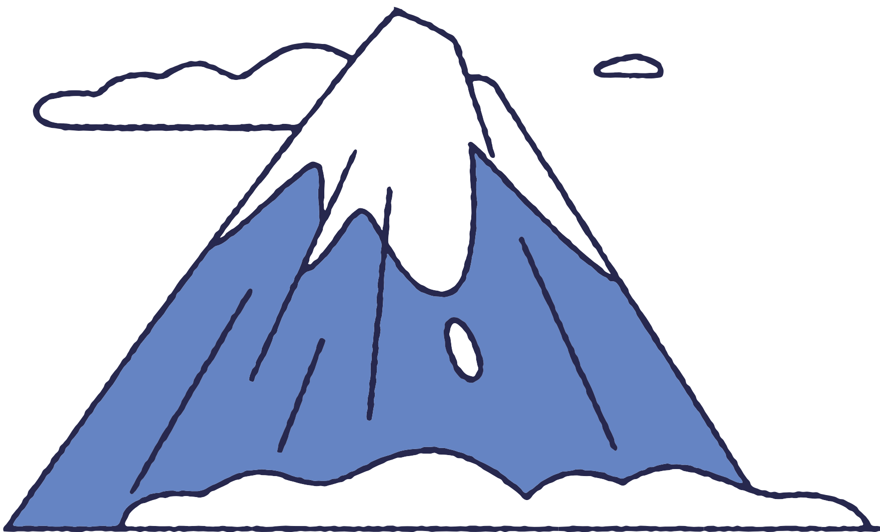
Equally, the corporate trustee role we play within financial services means that innovation in our own service offering must also propel the entire industry to even higher levels of conduct.

To help us do this, we remain committed to fostering close, collaborative relationships with regulators so that together we can build greater trust and confidence in our financial markets, which will in turn lead to better investor outcomes.

As we look to the future, the Public Trust Board is proud to guide our organisation so that we will be here in perpetuity to continue to serve, care for and protect New Zealanders.

We would like to express our gratitude for the ongoing contribution and commitment of the entire Public Trust whānau and to acknowledge the leadership of Glenys Talivai and our Executive Team.

Ngā mihi
Ian Fitzgerald
Chair




PUBLIC TRUST

A year of celebration and achievement – with Glenys Talivai, Chief Executive

Kia ora koutou katoa

I feel privileged to be leading Public Trust through the significant milestone of our 150-year anniversary.

In addition to taking time to reflect on our achievements and how far we've come as an organisation, our team has focused on continuing to meet the needs of New Zealanders through our broad remit within the legislative ecosystem.

Maintaining financial viability over the long term is crucial for us to be able to reinvest in our business and better serve our customers, and in FY23, we turned around a financial loss from the previous year to return a net profit before tax of $2.0 million. Most pleasingly, Public Trust's cash and other liquid asset reserves also grew over the year to $40.5 million.

The turnaround can be attributed to revenue growth of 14.4%, which was shared across our business units, and strong cost management.

We have seen a particular uplift in our Retail business, where we spent considerably more of our time helping customers to meet their estate planning needs, contributing to revenue growth of 12.5%.

Despite the headwinds of volatile financial markets, our Corporate Trustee Services team has also performed well, onboarding new fund managers and taking on new mandates. In FY23, we had supervisory and/or custodial oversight of over $170 billion of managed funds, of which over $30 billion was for KiwiSaver, and we successfully renewed our supervisory licence with the Financial Markets Authority under the Financial Markets Supervisors Act 2011.

Our Investments team acted as stewards of $1.2 billion of funds for around 4,000 investors. The work of this team serves our fiduciary customers, who have benefited from the careful management of their funds as well as increased interest rates with higher rates of return earned on our Common Fund investments.

Following the opening of our borders last year, we have also seen an 85.4% increase in international student numbers from the previous year.

These financial successes are built on the strong foundations of our customer experience, which has benefited from increased training and upskilling of our entire Public Trust team, particularly in our Retail business.

We continue to make improvements to our self-serve online platform for wills and enduring powers of attorney (EPAs), aligning to our commitment to provide accessibility and choice for customers. We have delivered 13.4% revenue growth through this platform and see it delivering over two-thirds of our will and EPA sales in the future.

Of equal importance to our customer experience is how our people feel about working at Public Trust. We have continued to strengthen our culture of care and engagement, particularly by supporting our people's physical and mental wellbeing. Our Tiaki wellbeing programme has been recognised as a finalist at both the Human Resources Institute of New Zealand Institute Awards 2023 and the Financial Services Council Awards 2023. We have also focused on pay equity for all roles, which has resulted in a gender pay gap reduction of 6%.

I am delighted to see positive momentum across the business, and the associated growth in revenue means we can continue to invest in what we do best – delivering good outcomes for our people and customers.

While the quantum of the turnaround we have seen in FY23 is significant, what makes this result even more noteworthy is that it was achieved despite the challenges faced by Public Trust and wider Aotearoa New Zealand over the last 12 months.

The impacts of Covid-19 have now eased but we saw spikes in sickness in the team during the 2022 winter.

The extreme weather events that swiftly followed in early 2023 impacted our Hastings customer centre and significant damage was sustained on some of our farm properties. Our Corporate Trustee Services team also responded to a large rise in the number of KiwiSaver hardship and serious illness withdrawal applications over the past 12 months, processing 93.9% of applications within 2 days to get funds to those who urgently need them.

Our resilience in the face of challenge is part of our legacy, and throughout this past year, we have marked our 150-year anniversary and shared our history with enormous pride, celebrating with our people as well as our external stakeholders.

As Chief Executive of Public Trust, my commitment to the past and future kaitiakitanga or stewardship of our organisation is that we continue to grow and evolve our business so that we can carry on our legacy of service, care and protection for the generations to come.

The team's successes over the past year have set us up well to do this work, and as a people-centric organisation, the engagement and retention of our people is at the heart of our strategy. Their commitment to our organisation is reflected in their approach to their mahi and our customers.

I look forward to building on our momentum so that we empower even more of Aotearoa New Zealand to build and protect their legacies.

Ngā mihi nui
Glenys Talivai
Chief Executive

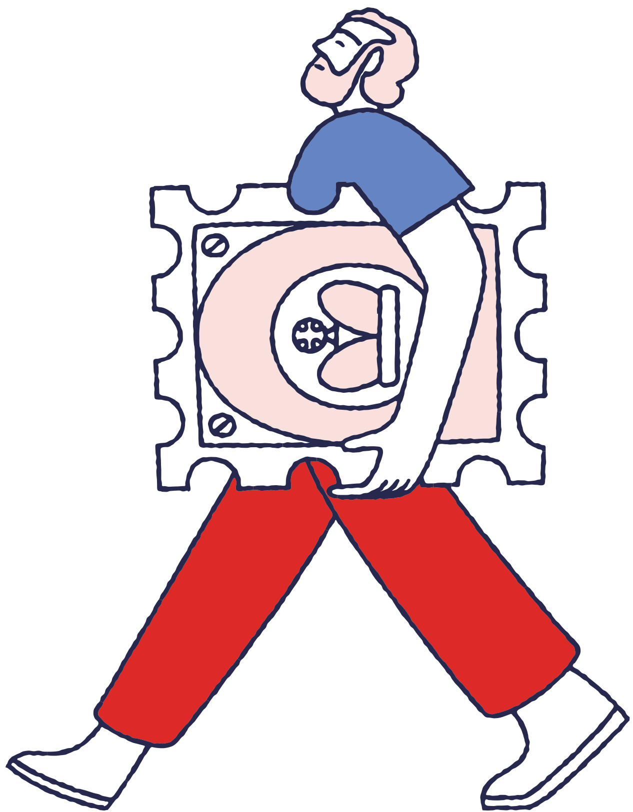

Public Trust
150
150 Years of Public Trust
First in the world
When the Public Trust Office opened on 1 January 1873, it was the first state-run public trustee services organisation in the world.
1873
First women on staff
Public Trust employed some of the first women in the Public Service from 1892 — a year before women won the right to vote in New Zealand.
1892
Lambton Quay head office
Public Trust's first head office in Wellington was opened by Prime Minister Sir Joseph Ward on 9 June 1909.
1909
Robert Triggs:
The architect of
mechanisation

Our Board

As of 30 June 2023, our Board is made up of six members – plus our Future Director Siosaia Mataele – 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 of the business and 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 2023:

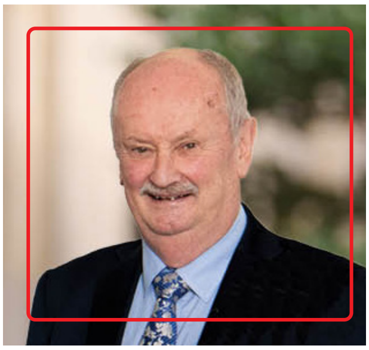
Ian Fitzgerald
Board Chair, Ex-officio Member of Audit and Finance, Risk Assurance, and People, Culture and Change Committees

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

Kirsty Campbell
Chair Audit and Finance Committee, Member Risk Assurance Committee

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

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



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

Siosaia Mataele
Future Director (appointed through the Institute of Directors 'Future Director' Programme)

Changes to the Board

The Board's composition changed during the year with Vicki Sykes' term ending on 31 October 2022.

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.

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 (which has been 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 4-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 before granting consent.

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 has appointed Susan Jones of EY to carry these out for a term of 3 years ending 30 June 2024.

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 external auditors provided market-based remuneration benchmarking information to Public Trust. Accordingly, 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 quarterly 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.

Who we are and what we do

Public Trust has a broad remit. From helping everyday Kiwi put their estate plans in place to managing charitable trusts, investment services and protecting student fees, our purpose is to empower all New Zealanders to build and protect their legacies.

At some point in life, most New Zealanders will require one of our offerings, and our team of over 410 is based around the country in our network of customer centres and corporate offices so we can deliver products and services that are compelling, relevant and accessible to all Kiwi.

Our specialised Corporate Trustee Services team provides supervision, trustee and/or custodial services for a number of New Zealand financial services businesses to help ensure consumer and investor trust in our financial system.

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

While our principal objective as defined in our Act is to operate as an effective business, we also have clear obligations to care for the New Zealand community and our people.

Public Trust in numbers FY23

Number of wills and EPAs sold
from 1 July 2022 – 30 June 2023

4,645 EPAs **7,753** wills

5,525
estates currently being managed
(1 July 2022 – 30 June 2023)

28.7 Customer NPS
our 90-day rolling NPS score as at 30 June 2023

433
charities currently under management

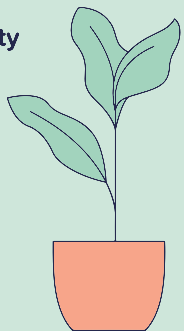
$12.5m
in charitable distributions made in FY23

885 vulnerable Kiwi protected through the provision of services under the PPPR Act 1988

$608m
distributed to beneficiaries through estates we managed

Deloitte Safe365 health, safety and wellbeing audit score

Farms **71%**
Corporate **72%**



Our **Tiaki wellbeing programme was named as a finalist** in the Human Resources Institute of New Zealand Awards 2023 for the Wellness Programme Award as well as in the Financial Services Council Awards 2023 for the Excellence in Wellbeing & Inclusion Award.

$2m
Overall net profit before tax for FY23 at 30 June 2023

14.4%
Revenue growth FY23 vs FY22

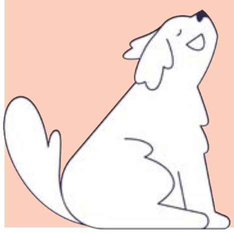
Corporate Trustee Services (CTS) funds under supervision as at June 2023:

$171bn
total funds under supervision

$35.9bn
of which is in KiwiSaver

KiwiSaver hardship applications
10,248
processed between 1 July 2022 and 30 June 2023

In FY23:
93.9%
of applications were processed within 2 days



$969m
investment funds under management as at 30 June 2023

22,259
students protected through our Student Fee Protect service in FY23

Our products and services

Estate planning and management

We provide guidance to New Zealanders to ensure that the things that matter are protected for the people that matter the most. We work with our customers to maintain and review their estate plans, ensuring they remain relevant and up-to-date over their lifetime.

This might include creating or updating:

- a will – a legal document that sets out your wishes regarding the care of your children or pets and your funeral arrangements as well as how you want to distribute your assets or special items after your death
- an enduring power of attorney – a legal document appointing an attorney to step in to manage your financial and property affairs or your personal care if you can't
- a trust – a legal arrangement to protect the assets and future assets of your 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 that their legacy can continue.

Executor Assist advisory service

We work with lawyers and private executors to help them with some or all 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

Personal Assist is a tailored personal management service where we help customers manage 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 provide personal management services under the Protection of Personal and Property Rights (PPPR) 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 PPPR Act.

Services funded by the Ministry of Justice

Public Trust also receives funding from the Ministry of Justice.

These funds are used to provide protective fiduciary services to New Zealanders who would not otherwise be able to access them due to affordability or low levels of liquid assets.

These services include Personal Assist, estate management, personal property management and private property manager audits.

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 by providing ongoing support after they've gone. 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), creating confidence in Aotearoa New Zealand as an education destination as student funds are protected until they have received their education.

Investment services for fiduciary customers

We provide investment management services to our fiduciary customers ensuring they can access effective and appropriate advice.

Our products aim to provide sustainable, risk-adjusted investment returns and appropriate income streams for our fiduciary customers and charitable trusts, designed to help customers meet their current and future needs.

We have $1.2 billion of funds under management as at 30 June 2023.

These funds comprise assets we manage on behalf of clients, the majority of whom are charities, and are managed within a well-defined investment policy framework.

Corporate Trustee Services

Public Trust's Corporate Trustee Services is licensed by the FMA under the Financial Markets Supervisors Act 2011. The team oversees and provides guidance to our clients, ensuring that they meet the standards expected of them and that investors' interests are protected.

We provide corporate trustee services to a variety of clients in the New Zealand market encompassing more than $170 billion in assets.

Our specialist services include:

- supervision of regulated investment schemes and trusteeship of unregulated schemes such as wholesale schemes
- supervision of KiwiSaver schemes, including four of the six default providers
- under our 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, which involves monitoring compliance with obligations, including the financial position of villages and the security of residents' interests
- structured finance transactions covering debt issuances and securitisations.

150 years snapshot

Passing it on: Leaving a legacy provides financial and emotional benefits to individuals, whānau and communities.

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

We have taken this opportunity to lift our presence with Kiwi consumers and stakeholders and demonstrate that we remain compelling, relevant and accessible to all New Zealanders now and into the future.

Our legacy is one of advocacy and care, and we captured this story as part of our haepapa kaitiakitanga or stewardship obligation through a digital storytelling hub available on our website.

Importantly, we also turned our eyes to our future and commissioned research to better understand the changing value of legacy and the future of intergenerational wealth. This research has fuelled conversations about these important topics at events, through media and with our customers and our people as part of an integrated campaign. We also directly engaged with over 150 stakeholders and partners at two events.

The value of the research is not just what we can share with others, it is also helping inform our own strategy with valuable insights into the future needs and barriers for Kiwi when it comes to passing on their legacies.

These insights sit at the intersection between consumer psychology, the socioeconomic context and demographic shifts and were gained from asking questions:

> What do Kiwi value as a legacy?

> What is the impact of reducing home ownership rates on the ability of New Zealanders to build and pass on wealth?

> What are the implications of longer lifespans for Kiwi as they plan ahead?

> Can we find the gaps between how people are thinking and behaving that could impact their legacy?

Analysis of this data allows us to see that it is the combination of financial and emotional legacies that carries through the generations – a mix of values, connection and assets creates security and has a benefit that goes beyond individuals, rippling down through generations and spreading beyond whānau to allow entire communities to thrive.

“One in five people (20%) feel they don’t have enough wealth to worry about protecting it and 39% say their biggest concern is having enough for their own retirement.”

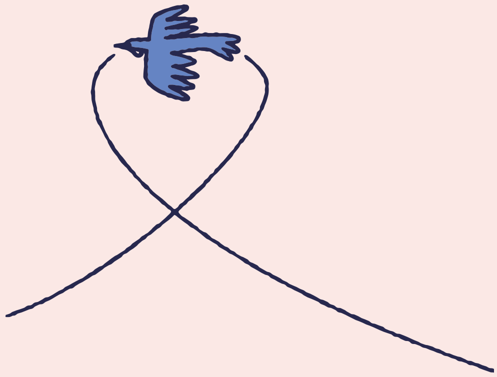
However, finding this security is getting harder for Kiwi, making the life planning process even more important.

This is where Public Trust plays a crucial role, encouraging people to have conversations with whānau so that the things that matter are protected for those that matter most. It is also incumbent on us to work with like-minded organisations to ensure we have the right systems in place that enable the necessary planning to support this protection.

As we grow the Public Trust of the future, we remain committed to customer and data-led decision making and collaborative working to help us ensure New Zealanders have access to the products and services that allow them to build and protect their legacies.

About the research

Public Trust commissioned The Research Agency to undertake a quantitative survey of more than 1,000 Kiwi aged 18 years and over. The research was conducted in April 2023.



> “With almost half of New Zealanders reporting a level of financial discomfort, our ability to plan for the future is diminishing. Additionally, as we live longer, we leave less financial security as a legacy.”

Key research findings

98%

of Kiwi surveyed want to leave a legacy.

Although **71%** of people surveyed say they want to leave a financial legacy, more of us, **85%**, want to leave an emotional legacy – things like values to live by, happiness and good upbringing.

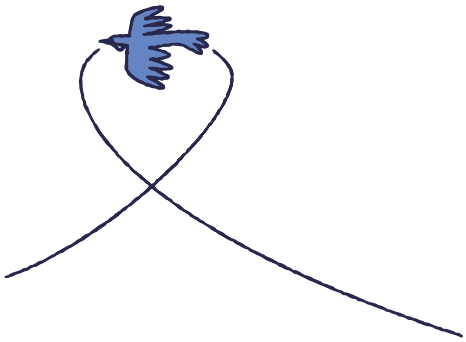
Leaving something behind helps people and communities thrive – **71%** claim an emotional benefit from receiving a legacy, which supersedes the **51%** who received a financial benefit from a legacy.

Our people, culture and workplace

Our Executive Team members are highly skilled across a range of backgrounds, combining both local and global experience. Under the leadership of Chief Executive Glenys Talivai, the Executive Team provides strategic and operational expertise across the organisation.

During the year, we farewelled Peter Aish from the role of Chief Financial Officer. We are grateful for Peter's leadership and contribution during his time at Public Trust and wish him every success for the future.

In March, the Executive Team welcomed Brad Edley as Chief Financial and Risk Officer, bringing strong leadership capability across risk, finance and business performance. During the year, Brad St Clair and Amanda Livingstone were both promoted to the Executive Team as General Manager Legal and Governance and General Manager Investments respectively. Brad and Amanda bring extensive experience across the legal and investment professions.

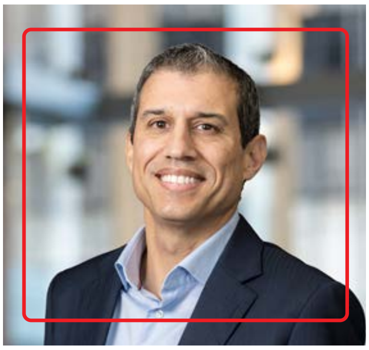


Glenys Talivai
Chief Executive Officer

Chris East
Chief Information Officer

Brad Edley
Chief Financial and Risk Officer

David Callanan
General Manager Corporate Trustee Services



Andrew Bhimy
General Manager People and Strategy

Vanessa Dudley
General Manager Retail

Amanda Livingstone
General Manager Investments

Lyndsey Francis
General Manager Marketing and Digital

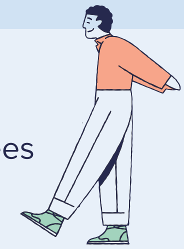
Brad St Clair
General Manager Legal and Governance

Our people (as at 30June 2023)

419
total staff

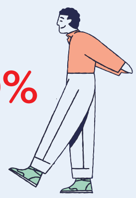
6.10 years
average length of service

145
male employees



274
female employees

Male employees		
	Non-leaders	**Leaders**
	106	**39**
	25.30%	**9.31%**



Female employees		
	Non-leaders	**Leaders**
	219	**55**
	52.27%	**13.12%**

22 **locations nationwide**

Total employees – non-leaders **325**

Total employees – leaders **94**

Age range of our people

19–29 years old	30–39 years old	40–49 years old	50–59 years old	60+ years old
49 **11.69%**	109 **26.01%**	93 **22.20%**	122 **29.12%**	46 **10.98%**

Workforce

85.69%
359 permanent full-time

11.69%
49 permanent part-time

0.95%
4 temporary full-time

0.95%
4 temporary part-time

0.72%
3 casual

Ethnicity of our people

Asian	12	**2.86%**	NZ European	161	**38.42%**
Australian	5	**1.19%**	NZ Māori	11	**2.63%**
Chinese	18	**4.30%**	Other	33	**7.89%**
English	18	**4.30%**	Pacific Island	4	**0.95%**
Fijian	2	**0.48%**	Samoan	8	**1.91%**
Filipino	6	**1.43%**	Sri Lankan	3	**0.72%**
Indian	17	**4.06%**	Undisclosed	121	**28.86%**

A thriving and engaging workplace

Hāpaitia te ara tika pūmau ai te rangatiratanga mō ngā uri whakatipu.

Foster the pathway of knowledge to strength, independence and growth for future generations.

At the heart of Public Trust are our people, giving their expertise and commitment every day to ensure we deliver a high level of customer service across all that we do.

Achieving our strategic aspiration – to grow a trustee services organisation that is compelling, relevant and accessible to all New Zealanders – is only possible with the depth of talent within our dynamic workforce.

Our team is made up of more than 410 people operating from 22 locations across Aotearoa New Zealand. We have built a great place to work, underpinned by significant and ongoing investment in developing a thriving and positive workplace that values, nurtures and rewards our people.

Within the past 12 months, carefully considered changes we have made to our operating model have realigned some of the capabilities and resources needed to deliver our strategy. We are confident that our team is well set up to serve our customers and help us grow the Public Trust of the future.

Engaging and retaining our people

Attracting, developing and retaining talented people is critical to Public Trust's ongoing success, both from a financial perspective and for our ability to deliver services to our customers.

This year, we have continued to invest in our culture of care, offering an environment where people are encouraged to develop and thrive so that they can be at their best for our customers, every day.

Highlights have included:

> investing in our people's remuneration to remain competitive and reducing our gender pay gap by 6%

> embedding our Yes to Flex flexible working policy, which has been identified as a key point of difference in working at Public Trust

> recognising and rewarding our people through our dedicated Manaaki employee recognition programme

> introducing enhanced benefits for new parents, including a graduated return to work scheme, flexible work options, increased partner's leave, a lump sum payment of 6 weeks' salary once parents have been back at work for 6 months and when new parents return to work, their annual leave is immediately valued according to their current salary.

To help us measure the impact of our work to enhance our people's experience of working at Public Trust, we hold an employee engagement survey and two smaller pulse surveys each year.

These surveys provide measures of positive culture change across the organisation and give our people the opportunity to share insights into how we make Public Trust an even better place to work.

Developing our people

Robust succession planning and evaluation of critical roles, development needs and opportunities for growth is part of ensuring that our people enjoy rewarding and fulfilling careers and are compelled to stay at Public Trust.

We have recognised the need for high-calibre leaders who can help shape and deliver our future while also inspiring our people through their leadership. In support of this, a Leadership Essentials programme launched in June 2022 with 31 leaders from our frontline teams participating in monthly sessions on core leadership practices.

The programme will return in FY24, allowing leaders from other business units to benefit from content focused on improving their leadership capability.

Our purpose-built career progression framework for Retail teams, Qualified to Serve (QTS), was launched in stages over the last 12 months. QTS provides a robust certification framework to ensure that technical learning is applied using case studies and supported through exposure to real-life situations for both new and experienced trustees.

We are proud to lend our support to Māori and Pasifika student interns through the TupuToa Internship Programme, an employment pathway that provides professional opportunities for Māori and Pasifika tertiary students in corporate, government and community organisations.

Keeping our people safe and well

Our Tiaki wellbeing programme addresses our people's physical health and safety, treating mental wellbeing as our primary health and safety risk. We are exceptionally proud of Tiaki and were thrilled to have our efforts recognised externally through the Human Resources Institute of New Zealand Awards 2023 and the Financial Services Council Awards 2023, both of which named us as finalists in their wellbeing programme award categories.

Our Health, Safety and Wellbeing team continues to work closely with our customer centre employees to ensure that they feel confident, equipped and supported to deal with physical and mental health risks if they arise in their work. This includes providing extensive training, reviewing any incidents that occur and implementing improved controls as needed.

Public Trust's managed farms located in the Hawke's Bay region were impacted by Cyclone Gabrielle, which struck in February 2023. Our Health, Safety and Wellbeing team supported our farm managers to quickly assess and respond to any damage, but more importantly they focused on ensuring that our farmers and their families were well looked after during this challenging time.

Challenges like Cyclone Gabrielle provide the ultimate test of the strength of our culture of care. We believe that we have the right culture in place, and as we celebrate our 150th anniversary and step into the future, we have confidence that we are genuinely equipped and able to truly put people at the heart of everything we do.

Delivering on our strategy

We use a range of measures to assess our progress in delivering our strategic goals. These measures have been selected to balance our objectives of serving our customers and communities, being a good employer and building a financially sustainable business.

Our progress against each strategic goal: 2022/23

1. Serving our customers and communities	
Measure	**Outcome**
Number of new estates administered each year	1,542 administered, exceeding the full-year target of 1,404
New business sales for wills and EPAs	12,398 sales achieved, behind the target of 13,777
New business sales for wills and EPAs completed online compared to total sales	69% achieved, below the target of 74%
Net promoter score	NPS of 28.7 achieved versus the target of 40.0
Number of users visiting our website each year	467,211 website visits, below the target of 480,000

2. Being a good employer	
Measure	**Outcome**
Total recordable injury frequency rate	1.48 versus the forecast of 1.00

3. Delivering sustainable financial outcomes	
Measure	**Outcome**
Annual revenue growth	14.4% versus the target of 15.4%

Statement of performance

for the year ended 30 June 2023

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.

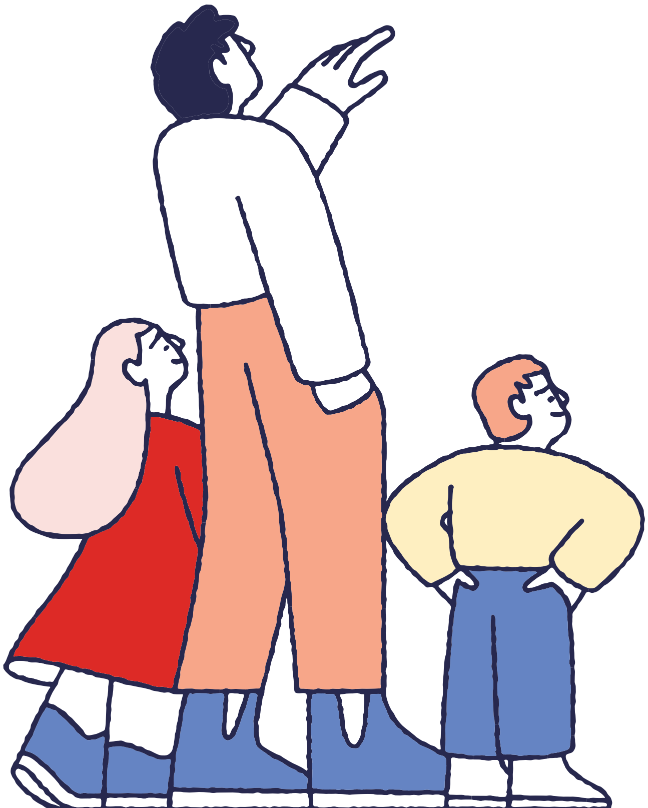
The outputs arising from this contract are intended to enable access to trustee services for New Zealanders who are either vulnerable or unable to obtain key estate and personal management services within their own means.

How performance will be 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

Service	Measure	Client asset pool	2022/23 actual No. of clients	2022/23 actual Hours	2022/2023 forecast No. of clients	2022/2023 forecast 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	529	9,162	509	9,279
		$20,000–50,000	106	1,160	128	1,204
Administration of estates and trusts.	Number of clients served and hours administering.	$0–20,000	592	1,179	433	1,326
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	1,041	2,732	879	3,255
		$20,000+	1,520	4,960	1,892	7,559

Revenue and expenses

Expected	Actual
Expected revenue 2022/23: $3.6 million (GST exclusive)	Revenue: $3.3 million (GST exclusive)
Proposed expenses 2022/23: $3.6 million (GST exclusive)	Expenses: $3.3 million (GST exclusive)

Common Fund reporting

Public Trust's Common Fund contains fiduciary customers' trust account money and is guaranteed by the New Zealand Government. The Common Fund is subject to strict investment guidelines that ensure it maintains a conservative risk-return profile. The primary measures used to monitor the Common Fund's risk exposure are value at risk (VaR) and the liquidity test.

Value at risk (VaR)

Measure	2022/2023 forecast	Achievement
Common Fund VaR, excluding term deposits, at 95% confidence level over any one day.	VaR will not exceed 0.4%.	Common Fund VaR as at each month end: 31 July 2022 0.21% 31 August 2022 0.20% 30 September 2022 0.20% 31 October 2022 0.22% 30 November 2022 0.26% 31 December 2022 0.29% 31 January 2023 0.26% 28 February 2023 0.25% 31 March 2023 0.28% 30 April 2023 0.30% 31 May 2023 0.33% 30 June 2023 0.31%

The Common Fund VaR measure of 0.4% at 95% confidence is the same as stating that Public Trust is 95% confident that losses in the Common Fund will not exceed 0.4% of the fund value over any one day.

Liquidity test

Measure	2022/2023 forecast	Achievement
Percentage of Common Fund assets (by dollar value) that can be liquidated within 100 days.	At least 33% (by dollar value) of Common Fund assets can be liquidated within 100 days.	Common Fund liquidity ratio at each month end: 31 July 2022 50.06% 31 August 2022 50.49% 30 September 2022 55.36% 31 October 2022 59.16% 30 November 2022 60.84% 31 December 2022 49.99% 31 January 2023 55.40% 28 February 2023 47.27% 31 March 2023 44.89% 30 April 2023 39.33% 31 May 2023 47.53% 30 June 2023 52.69%

Consolidated financial statements

Funds under management and supervision
as at 30 June 2023

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.

	2023 $ million	2022 $ million
Fiduciary assets		
Funds under management		
Common Fund	258	284
Public Trust Investment Service	969	832
Funds under supervision	171,361	168,154

Statement of responsibility
for the year ended 30 June 2023

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 has established and maintains 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 2023 fairly reflect the financial position, results of operations and cash flows of Public Trust.

Ian Fitzgerald
Chair
Public Trust Board

26 September 2023

Kirsty Campbell
Chair
Public Trust Audit and Finance Committee

26 September 2023

Consolidated statement of financial position

as at 30 June 2023

	Notes	Actual 2023 $000	Unaudited budget 2023 $000	Actual 2022 $000
Assets				
Cash and cash equivalents		26,255	21,192	18,387
Investment securities	8	272,382	308,273	295,138
Trade and other receivables	9	5,238	4,194	4,093
Advances to clients	10	3,489	3,002	3,101
Total financial assets		**307,364**	**336,661**	**320,719**
Contract assets	9, 21	9,883	10,614	10,192
Other assets		467	649	1,277
Property, plant and equipment	11	2,530	2,900	3,038
Right-of-use assets	23	18,051	19,663	22,501
Intangible assets	12	16,638	17,262	21,131
Deferred tax asset	13	9,591	10,163	10,163
Total assets		**364,524**	**397,912**	**389,021**
Liabilities				
Liabilities to clients		258,375	295,569	284,022
Payable for security purchased but not yet settled		3,000	-	-
Trade payables		2,371	2,510	2,949
Other liabilities		827	454	660
Employee benefits	14	5,411	4,585	5,122
Provisions	15	2,853	2,137	2,005
Contract liabilities	21	188	181	215
Lease liabilities	23	18,860	20,588	22,837
Total liabilities		**291,885**	**326,024**	**317,810**
Equity				
Contributed equity		90,174	90,174	90,174
Accumulated losses		(17,535)	(18,286)	(18,963)
Total equity	16	**72,639**	**71,888**	**71,211**
Total liabilities and equity		**364,524**	**397,912**	**389,021**

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 2023.

Ian Fitzgerald
Chair
Public Trust Board

26 September 2023

Kirsty Campbell
Chair
Public Trust Audit and Finance Committee

26 September 2023

Consolidated statement of changes in equity

for the year ended 30 June 2023

	Contributed equity $000	Accumulated losses $000	Total equity $000
Actual as at 1 July 2021	90,174	(15,759)	74,415
Loss for the year	–	(3,204)	(3,204)
Total comprehensive income for the year	**–**	**(3,204)**	**(3,204)**
Actual as at 30 June 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**
Unaudited budget as at 30 June 2022	**90,174**	**(18,752)**	**71,422**
Profit for the year	–	466	466
Total comprehensive income for the year	**–**	**466**	**466**
Unaudited budget as at 30 June 2023	**90,174**	**(18,286)**	**71,888**

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

Consolidated statement of total comprehensive income

for the year ended 30 June 2023

	Notes	Actual 2023 $000	Unaudited budget 2023 $000	Actual 2022 $000
Revenue				
Interest from interest-bearing securities		12,285	7,278	4,086
Interest from advances		197	170	177
Less: Interest expense		(2,312)	(913)	(176)
		10,170	**6,535**	**4,087**
Revenue from contracts with customers	21	62,648	66,149	59,564
Net revenue		**72,818**	**72,684**	**63,651**
Expenses				
Employee benefits		(46,352)	(48,573)	(43,444)
Amortisation of intangible assets	12	(4,493)	(4,664)	(4,253)
Depreciation		(3,277)	(3,642)	(3,250)
Operating lease costs		(525)	(206)	(701)
Other expenses		(15,822)	(14,707)	(14,755)
Total operating expenses		**(70,469)**	**(71,792)**	**(66,403)**
Finance costs	22	(332)	(426)	(368)
Net losses on financial instruments		(17)	-	(84)
Profit/(loss) before tax for the year		**2,000**	**466**	**(3,204)**
Income tax expense	13	(572)	–	–
Profit/(loss) after tax for the year		**1,428**	**466**	**(3,204)**
Total comprehensive income/(loss) for the year		**1,428**	**466**	**(3,204)**

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

Consolidated statement of cash flows

for the year ended 30 June 2023

	Notes	Actual 2023 $000	Unaudited budget 2023 $000	Actual 2022 $000
Cash flows from operating activities				
Receipts from customers		61,372	65,240	58,462
Interest received from investments		8,874	7,448	3,131
Payments to suppliers and employees		(60,415)	(62,851)	(58,916)
Payment of interest portion of lease liabilities	23	(313)	(409)	(351)
Interest paid		(2,312)	(913)	(187)
Net cash flows generated from operating activities	24	**7,206**	**8,515**	**2,139**
Cash flows from investing activities				
Net flows from investments		28,921	(5,603)	11,009
Purchase of property, plant and equipment		(170)	(810)	(728)
Purchase of intangible assets		(317)	(870)	(1,252)
Net cash flows generated from investing activities		**28,434**	**(7,283)**	**9,029**
Cash flows from financing activities				
Net payments to clients	25	(25,647)	1,245	(13,013)
Payment of principal portion of lease liabilities	23	(2,125)	(1,989)	(2,023)
Net cash flows used in financing activities		**(27,772)**	**(744)**	**(15,036)**
Net increase/(decrease) in cash and cash equivalents		**7,868**	**488**	**(3,868)**
Cash and cash equivalents at the beginning of the year		18,387	20,704	22,255
Cash and cash equivalents at the end of the year		**26,255**	**21,192**	**18,387**

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 2023

1. 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.

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

2. Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the requirements of the Financial Markets Conduct Act 2013 and the Crown Entities Act 2004. For the purposes of complying with NZ GAAP, the Group is a for-profit entity.

These consolidated financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and International Financial Reporting Standards (IFRS).

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.

Measurement basis

The consolidated financial statements have been prepared on a historical cost basis.

Functional and presentation currency

All transactions and balances are presented in New Zealand dollars, which is also the Group's functional currency. All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand dollars ($000) unless otherwise stated.

Budget

The budget figures are not audited and are those included in the 2022/23 Statement of Performance Expectations.

3. Basis of consolidation

Subsidiaries are investees controlled by the Group. The Group controls an investee if it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of the subsidiaries are included in the Group's consolidated financial statements from the date on which control commences until the date control ceases.

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.

When the Group loses control over a subsidiary, it derecognises the related assets and liabilities and any other components of equity. Any interest in the former subsidiary is measured at fair value when control is lost.

4. Significant accounting policies

Financial instruments

Classification

The Group classifies financial instruments depending on its business model for managing the financial instruments and the contractual terms of the cash flows.

Initial recognition and measurement

All financial instruments are initially recognised when the Group becomes party to the contractual provisions of the instrument and is measured at the fair value of the consideration received plus or minus directly attributable transaction costs in the case of a financial asset or financial liability not recognised at fair value through profit or loss.

Subsequently, the Group applies the following accounting policies for financial instruments.

Financial assets at amortised cost

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 in this category include:

> cash and cash equivalents

> investment securities

> trade and other receivables

> advances to clients.

Cash and cash equivalents include cash on hand, cash at bank (including any overdraft) and money market deposits on call. Cash and cash equivalents are recognised at their cash settlement value.

Trade and other receivables represent the Group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before payment of the consideration is due).

Subsequent to initial recognition, investment securities, trade and other receivables and advances to clients 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. Under the simplified approach, a loss allowance is always measured at an amount equal to lifetime expected credit losses, whereas under the general approach, a loss allowance is recognised for 12-month expected credit losses unless the credit risk on the financial instrument has increased significantly since initial recognition, in which case, a loss allowance is measured at an amount equal to lifetime expected credit losses. The Group assumes credit risk has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at year end.

Expected credit losses are measured in a way that reflects the probability weighting of a range of possible outcomes, the time value of money and reasonable information about past events, current conditions and forecasts of future conditions. 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.

Financial liabilities at amortised cost

Financial liabilities in this category include:

> liabilities to clients
> trade and other payables
> lease liabilities.

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

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.

Intangible assets

Goodwill

Goodwill arising from business combination is initially measured at cost, being 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.

Information technology (IT) assets and development costs

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.

Impairment of assets

Assets other than goodwill and other financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An internal review of asset values is performed at the end of each financial year. External factors such as changes in expected future processes, technology and economic conditions are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for any amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Value in use is determined using a discounted cash flow model. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units or CGUs).

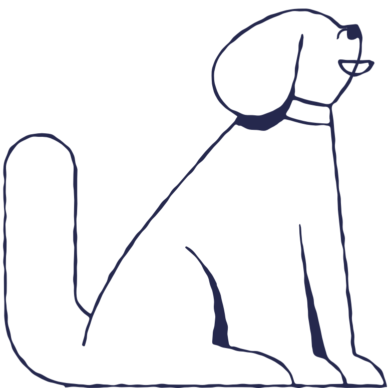
Any impairment losses are recognised in profit or loss. Non-financial assets other than goodwill that suffered impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

Impairment of goodwill

Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired. Any impairment is recognised in profit or loss as a permanent reduction in the carrying value. Impairment losses recognised for goodwill are not subsequently reversed.

Goodwill has been allocated to the Corporate Trustee Services CGU for the purpose of impairment testing. The allocation is made on the basis that this CGU is expected to benefit from the business combination in which the goodwill arose. The CGU was identified at the lowest level at which goodwill is monitored for internal management purposes.

Impairment testing is done using a discounted cash flow model. Further details on the methodology and assumptions used are outlined in note 12.



Employee benefits

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

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.

Long-service leave

A provision is made for long-service leave benefits on an actuarial basis. Projected cash flows are estimated in accordance with both national and entity experience. The resulting projected cash flows are discounted in accordance with a Treasury risk-free rate as at the reporting date.

Leases

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.

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include 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 interest rate implicit in the lease if that rate is readily determinable. If the interest rate is not readily determinable, the Group applies its incremental borrowing rate. To determine the incremental borrowing rate, the Group uses a build-up approach that starts with a Treasury risk-free discount rate (to serve as the risk-free interest rate) adjusted for the Group's credit risk and entity-specific margin.

The Group is exposed to potential future increases in variable lease payments based on an index or rate. These have been included in the lease liability based on the index or rate at the commencement date. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

> The amount of the initial measurement of lease liability.

> Any lease payments made at or before the commencement date less any lease incentives received.

> Any initial direct costs.

> 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.

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.

Taxes

Income tax expense comprises current tax and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case, it is recognised in other comprehensive income or equity.

Current tax

Current tax is the tax receivable/payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax receivable/payable in respect of previous years.

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 is not accounted for if it arises from initial recognition of an asset or liability in a transaction (other than a business combination) that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Goods and services tax

All revenues and expenses are recognised net of goods and services tax (GST). Any GST on expenses that is not recoverable is recognised in profit or loss.

Where the cost of property, plant and equipment and intangible assets includes an element of irrecoverable GST, such costs are included as part of the initial carrying amount of the relevant asset.

Receivables and payables are recognised inclusive of any applicable GST.

The net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables in the consolidated statement of financial position.

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.

Disclosure of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers is provided in note 6.

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.

Refer to note 6 for further details on the accounting treatment of variable consideration.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer.

Contract assets represent revenue for which the Group does not have an unconditional right to payment as of balance date because the revenue may be subject to a billing restriction.

Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

If a customer pays consideration before the transfer of services to the customer, a contract liability is recognised. The timing of recognition is when the payment is made or the payment is due, whichever is earlier. Contract liabilities are recognised as revenue when the Group performs the services under the contract.

Provisions

General

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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.

Onerous contracts

The onerous contracts provision relates to existing office lease contracts under which the unavoidable costs (i.e. the costs that the Group cannot avoid because it has the contracts) of meeting the obligations under the contracts exceed the economic benefits expected to be received under them. The unavoidable costs under the contracts reflect the least net cost of exiting the contracts, which is the lower of the cost of fulfilling them and any compensation or penalties arising from failure to fulfil them. The cost of fulfilling a contract comprises the costs that relate directly to the contract (i.e. both incremental costs and an allocation of costs directly related to contract activities).

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.

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. This provision is carried at the estimated amount of cash necessary to settle the obligation. It is expected the sums provided will be paid within 12 months after the reporting period.

Presentation of cash flows

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

Cash flows from investments are presented on a net basis as they relate to the placement and withdrawal of deposits from financial institutions.

Cash receipts from/payments to clients are presented on a net basis as they represent cash receipts and payments on behalf of customers, and the cash flows reflect the activities of the customer rather than those of Public Trust.

Net cash flows from financing activities are substantially comprised of:

- movements in liabilities to clients
- cash payments for the principal portion of the lease liabilities.

5. Changes in accounting policies

New and amended financial reporting standards and interpretations

There were no new standards or amendments effective 1 July 2022 that had an impact on the consolidated financial statements of the Group.

There were also no new accounting standards, amendments to accounting standards or interpretations issued but not yet effective that have been early adopted by the Group. These have been assessed by the Group and are not likely to have a material impact.

6. Significant accounting judgements, estimates and assumptions

Use of judgements and estimates

In the process of applying the accounting policies, management makes judgements, estimates and assumptions. Actual results may differ from these estimates.

Information about critical judgements that have the most significant effect on the amounts recognised in the consolidated financial statements are included below.

Impairment of trade receivables and contract assets (note 9 and note 21)

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 clients' 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 clients and generally has first call over the clients' 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 asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Contracts with a significant financing component (note 9)

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 whereby 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 client'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.

Recognition of deferred tax asset for carried-forward tax losses (note 13)

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.

Goodwill impairment (note 12)

The recoverability of the carrying amount of goodwill is assessed for impairment annually. Performing this assessment requires management to estimate future cash flows, terminal growth rates and pre-tax discount rates.

Provisions (note 15)

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.

Variable consideration (note 21)

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.

Lease accounting (note 23)

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.

7. Supplementary information

Crown guarantee

The capital and interest on client deposits (liabilities to clients) in Public Trust's 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 client deposits is covered by the Crown guarantee provided under section 65ZD of the Public Finance Act 1989.

8. Investment securities

	2023 $000	2022 $000
Financial assets at amortised cost		
Interest-bearing securities		
Banks	59,760	53,587
State-owned enterprises	4,948	3,990
Corporates	15,250	15,811
Mortgage-backed securities	-	153
Term deposits		
Banks	156,545	179,733
Crown entities and state-owned enterprises	35,879	41,864
Total investment securities	**272,382**	**295,138**
Current	211,239	243,859
Non-current	61,143	51,279
As at 30 June	**272,382**	**295,138**

Credit risk

The Group is exposed to credit risk through its investments in interest-bearing securities and deposits. Credit risk of investment securities is managed by a series of policy limits, including minimum counterparty 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.

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

	2023 $000	2022 $000
Long-term credit rating		
AA	10,585	13,545
A	50,558	37,734
	61,143	**51,279**
Short-term credit rating		
A1+	1,986	5,150
A1	227,594	248,011
A2	7,914	9,085
	237,494	**262,246**
Unrated – other financial assets*	8,727	7,194
Total financial assets	**307,364**	**320,719**

* Other financial assets comprise trade and other receivables and advances to clients.

Total financial assets of $307,364,000 (2022: $320,719,000) represents the Group's maximum exposure to credit risk as at the reporting date and reflects the carrying value of cash and cash equivalents, investment securities, trade and other receivables and advances to clients as disclosed in the consolidated statement of financial position.

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 Common Fund 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 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 $896,491 in 2023 (2022: $706,717). 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.

9. Trade and other receivables and contract assets

	2023 $000	2022 $000
Trade and other receivables		
Fees receivable	5,982	4,567
Other receivables	63	24
Total trade and other receivables, gross	**6,045**	**4,591**
Collective impairment allowance		
Opening balance	(498)	(782)
Charge for the year	(435)	(588)
Reversal of unused provision	126	872
Total collective impairment allowance	**(807)**	**(498)**
Total trade and other receivables, net	**5,238**	**4,093**
Contract assets		
Receivables of uncertain timing*	2,859	2,878
Work in progress**	7,024	7,314
Total contract assets	**9,883**	**10,192**
Total trade and other receivables, net and contract assets		
Current	9,866	11,407
Non-current	5,255	2,878
As at 30 June	**15,121**	**14,285**

* 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.

** Work in progress represents the time incurred in providing trustee and estate administration services that has not yet been invoiced to the clients.

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.

Customer credit risk

Credit risk is the risk that a customer fails to meet its contractual obligations. Provisions have been applied to trade and other receivables and contract assets where there are indicators of low credit quality.

10. Advances to clients

Customer credit risk

The Group is exposed to credit risk arising from advances to its clients. Advances to clients include client overdrafts and advances to client beneficiaries. The Group manages and controls this credit risk by setting limits for each client based on their particular risk profile and through a periodic review of the amounts advanced to each client.

The credit quality of advances to clients that are neither past due nor impaired is considered to be high as Public Trust is trustee and administrator for the clients and generally has first call over the clients' assets. The allowance for impairment as at 30 June 2023 is $124,580 (2022: $124,580).

11. Property, plant and equipment

	Leasehold improvements $000	Furniture and fittings $000	IT hardware $000	Total $000
Cost				
Opening balance	10,623	3,774	7,131	21,528
Additions	629	28	71	728
As at 30 June 2022	**11,252**	**3,802**	**7,202**	**22,256**
Accumulated depreciation				
Opening balance	(8,236)	(3,316)	(7,006)	(18,558)
Depreciation for the year	(468)	(122)	(70)	(660)
As at 30 June 2022	**(8,704)**	**(3,438)**	**(7,076)**	**(19,218)**
Net carrying value as at 30 June 2022	**2,548**	**364**	**126**	**3,038**
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**

12. Intangible assets

	2023 $000	2022 $000
Intangible IT assets		
Cost		
Opening balance	44,621	41,853
Transfers from intangible assets in development	9	2,768
Closing balance	**44,630**	**44,621**
Accumulated amortisation and impairment		
Opening balance	(26,004)	(21,751)
Amortisation for the year	(4,493)	(4,253)
Closing balance	**(30,497)**	**(26,004)**
Net carrying value	**14,133**	**18,617**
Intangible assets in development		
Opening balance	9	1,285
Additions	-	1,492
Transfers to intangible IT assets	(9)	(2,768)
Closing balance	**-**	**9**
Goodwill arising on acquisition		
Opening and closing balance	2,505	2,505
Total carrying value of intangible assets	**16,638**	**21,131**

The Group carries the following individually material intangible IT assets:

	2023 Net carrying value $000	2022 Net carrying value $000	2023 Remaining useful life (years)	2022 Remaining useful life (years)
Enterprise core technology system	9,917	12,946	3.5	4.5
Digital platform	2,849	3,704	3.5	4.5

Goodwill has been allocated to the Corporate Trustee Services (CTS) CGU, being the lowest level of asset group for which there are separately identifiable cash inflows. Goodwill allocated to CTS is 100% of the Group's total carrying amount of goodwill.

The internal detailed calculation performed in 2023 indicates that the recoverable amount exceeds the carrying value of the CTS CGU. Key judgements and assumptions from the 2023 impairment test were as follows:

> Future cash flows were projected out 5 years, based on the Board-approved 3-year business plan, with forward projections made for years 4 and 5.

> A terminal growth rate of 1.5% was used, which is considered conservative as it is below the current annual growth rates of the New Zealand economy and CTS funds under supervision.

> A pre-tax weighted average cost of capital discount rate of 10.2% was applied to compute present value.

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.

13. Income tax

Tax expense comprises:

	2023 $000	2022 $000
Utilisation of previously recognised tax losses	1,464	-
Origination and reversal of temporary differences	(892)	(572)
Derecognition of previously recognised tax losses	-	572
Tax expense	**572**	**-**

The amount of deferred tax asset recognised from carry-forward losses represents the expected benefit of utilising tax losses against taxable profit and taxable temporary differences in the foreseeable future. The benefit was recognised on the basis that Public Trust has demonstrated an immediate return to profit for the financial year ended 30 June 2023 and current financial forecasts show a continuing profit trend into future years.

Reconciliation of tax expense and the accounting profit:

	2023 $000	2022 $000
Profit/(loss) before tax	2,000	(3,204)
Income tax at 28%	560	(897)
Non-deductible expenses for tax purposes	12	10
Tax expense on unused tax losses for which no deferred tax asset has been recognised	-	315
Derecognition of previously recognised tax losses	-	572
Tax expense	**572**	**-**

The deferred tax asset comprises:

	2023 $000	2022 $000
Fees receivable	700	547
Property, plant and equipment and intangible assets	(2,555)	(3,330)
Employee benefits	1,016	1,006
Provisions	517	561
Contract liabilities	7	9
Tax losses	9,906	11,370
Deferred tax asset	**9,591**	**10,163**

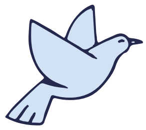
The Group has unused tax losses of $9,516,506 (2022: $10,137,569).

14. Employee benefits

	2023 $000	2022 $000
Annual leave	2,199	2,235
Long-service leave	1,431	1,358
Salaries accrual	1,781	1,529
Total employee benefits	**5,411**	**5,122**
Current	4,161	3,926
Non-current	1,250	1,196
As at 30 June	**5,411**	**5,122**

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.

The Group contributes towards KiwiSaver and the Government Superannuation Scheme. Contributions to these defined contribution plans were $1,202,000 in 2023 (2022: $1,133,000).



15. Provisions

	Remedial work and litigation 2023 $000	Make good 2023 $000	Onerous contracts 2023 $000	Restructuring 2023 $000	Total 2023 $000
Opening balance	576	1,031	172	226	2,005
Additional provisions made	281	32	775	639	1,727
Amounts used	(45)	(10)	(118)	(684)	(857)
Unused amounts reversed	(19)	(22)	-	-	(41)
Unwinding of discount and effect of changes in the discount rate	-	19	-	-	19
Closing balance	**793**	**1,050**	**829**	**181**	**2,853**

	2023 $000	2022 $000
Current	1,442	868
Non-current	1,411	1,137
As at 30 June	**2,853**	**2,005**

Remedial work and litigation

No insurance reimbursements expected upon the final resolution of such matters have been recognised within sundry receivables (2022: nil).

16. 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.

17. Financial liabilities

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.

	Carrying amount $000	Contractual cash flows $000	1 year or less $000	1–2 years $000	2–5 years $000	Over 5 years $000
2023						
Liabilities to clients	258,375	258,375	258,375	-	-	-
Trade payables	2,371	2,371	2,371	-	-	-
Payable for 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**
2022						
Liabilities to clients	284,022	284,022	284,022	-	-	-
Trade payables	2,949	2,949	2,949	-	-	-
Lease liabilities	22,837	29,276	2,996	3,228	8,581	14,471
Other liabilities	660	660	660	-	-	-
	310,468	**316,907**	**290,627**	**3,228**	**8,581**	**14,471**

18. Audit fees

	2023 $000	2022 $000
Audit of the financial statements	334	293
Audit fees for non-consolidated managed funds	75	64
Other fees paid to the auditor*	14	7

*Other fees paid to the auditor comprise the fees for provision of remuneration data (2022: provision of remuneration data).

19. Related-party transactions

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 clients 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 (2022: five) funds in operation (excluding the Funeral Trust Cash Fund) with unit holders' funds of $950 million (2022: $805 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 $18 million (2022: $20 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.

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	2023	3,335	493	-	-
	2022	3,314	299	-	-
Crown-related parties					
Crown entities and state-owned enterprises	2023	1,436	881	2	40,827
	2022	651	377	1	45,854
Group's unconsolidated entities					
Investment funds*	2023	4,193	401	-	-
	2022	5,294	375	-	-
Funeral Trust Cash Fund	2023	-	-	17,996	-
	2022	-	-	19,832	-

* Excluding Funeral Trust Cash Fund.

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.

Investment funds: The Group receives management and administration fees under the terms of the trust deeds. The Group does not hold units in the funds. Any outstanding balances with 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:

	Note	2023 $000	2022 $000
Board member remuneration	28	228	247
Other key management personnel:			
Short-term employee benefits		3,517	3,315
Termination benefits		409	43
		4,154	**3,605**

20. Commitments and contingencies

Capital commitments

There was no significant capital expenditure contracted for at the end of the reporting period (2022: nil).

Contingent liabilities

The Group had no contingent liabilities at 30 June 2023 (2022: nil).

21. Revenue from contracts with customers

Disaggregated revenue information

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

	2023 $000	2022 $000
Retail revenue from Crown	3,335	3,314
Retail fee revenue	41,629	38,547
Retail	**44,964**	**41,861**
Corporate Trustee Services	17,684	17,703
Total revenue from contracts with customers	**62,648**	**59,564**

Contract balances

	2023 $000	2022 $000
Contract assets	9,883	10,192
Contract liabilities	188	215

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 1 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.

22. Finance costs

	Notes	2023 $000	2022 $000
Interest on lease liabilities	23	313	351
Unwinding of discount and effect of changes in discount rate on make good provision	15	19	17
Total finance costs		**332**	**368**

23. Leases

This note provides information for leases where the Group is a lessee.

Amounts recognised in the consolidated statement of financial position

Set out below are the carrying amounts of right-of-use assets and lease liabilities recognised and their respective movements during the period.

	Office buildings $000	Motor vehicles $000	Total $000
Right-of-use assets			
As at 1 July 2021	18,819	37	18,856
Additions	3,994	-	3,994
Lease modifications	2,255	(14)	2,241
Depreciation expense	(2,567)	(23)	(2,590)
As at 30 June 2022	**22,501**	**-**	**22,501**
Additions	33	-	33
Lease modifications	(1,648)	-	(1,648)
Disposals	(236)	-	(236)
Depreciation expense	(2,599)	-	(2,599)
As at 30 June 2023	**18,051**	**-**	**18,051**

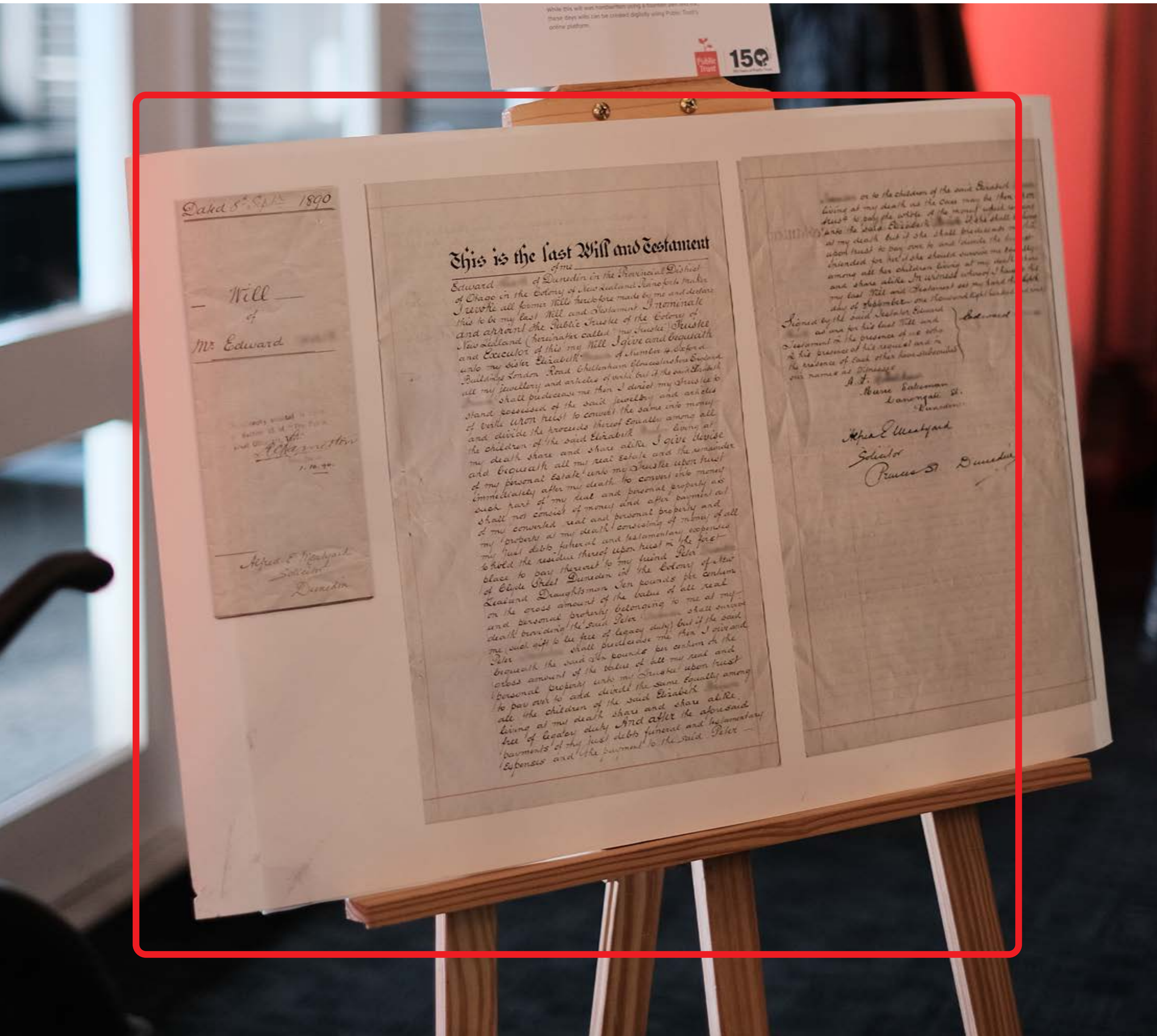
	2023 $000	2022 $000
Lease liabilities		
As at 1 July	22,837	18,727
Additions	-	3,905
Lease modifications	(1,639)	2,228
Disposals	(213)	-
Accretion of interest	313	351
Interest portion of lease payments	(313)	(351)
Principal portion of lease payments	(2,125)	(2,023)
As at 30 June	**18,860**	**22,837**
Current	2,620	2,451
Non-current	16,240	20,386
As at 30 June	**18,860**	**22,837**

Lease modifications include the effects of modification to lease terms and variable lease payment adjustments.

Amounts recognised in the consolidated statement of comprehensive income

	2023 $000	2022 $000
Depreciation expense	2,599	2,590
Interest on lease liabilities	313	351
Expense relating to short-term leases (included in operating lease costs)	229	343
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in operating lease costs)	284	287

The total cash outflow for leases in 2023 was $2,951,000 (2022: $3,004,000).



24. Reconciliation of profit/(loss) before tax to net cash flow from operating activities

	Notes	2023 $000	2022 $000
Profit/(loss) before tax for the year		**2,000**	**(3,204)**
Adjustments to reconcile profit/(loss) before tax to net cash flows			
Amortisation	12	4,493	4,253
Depreciation		3,277	3,250
Movement in accrued interest income		(3,571)	(1,112)
Unwinding of discount and effect of changes in discount rate on make good provision	22	19	17
Net losses on financial instruments		17	84
Movement in accrued interest expense		-	(10)
Other non-cash adjustments:			
Movement in impairment loss allowance		(309)	(284)
Movement in accrued purchases of intangible assets and property, plant and equipment		317	(240)
		4,243	**5,958**
Working capital changes			
(Increase)/decrease in trade and other receivables		(836)	217
Decrease/(increase) in contract assets		309	(410)
Decrease/(increase) in other assets		810	(853)
(Decrease)/increase in trade payables		(578)	263
Increase in employee benefits		289	424
Increase/(decrease) in provisions		829	(189)
(Decrease) in contract liabilities		(27)	(19)
Increase/(decrease) in other liabilities		167	(48)
		963	**(615)**
Net cash flows generated from operating activities		**7,206**	**2,139**

25. Changes in liabilities arising from financing activities

	Opening $000	Cash flows $000	Non-cash movements $000	Closing $000
2023				
Liabilities to clients	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**
2022				
Liabilities to clients	297,046	(13,013)	(11)	284,022
Lease liabilities	18,727	(2,374)	6,484	22,837
Total liabilities from financing activities	**315,773**	**(15,387)**	**6,473**	**306,859**

The amount disclosed as cash flows for lease liabilities comprises:

	2023 $000	2022 $000
Payment of interest portion on lease liabilities	(313)	(351)
Payment of principal portion of lease liabilities	(2,125)	(2,023)
	(2,438)	**(2,374)**

26. Comparison of budget to actual

Assets and liabilities

Total assets excluding leases were lower than budget mainly due to the decrease in investment securities. The decrease in investment securities was mainly due to higher than expected net payments to clients. Correspondingly, liabilities to clients have also decreased against budget.

Revenue

Net revenue was $0.1 million higher than budget. Rising interest rates during the year resulted in higher than budgeted interest revenue earned on Common Fund assets. This was partially offset by a decline in Corporate Trustee Services revenue driven by weaker than expected financial markets and lower than projected Retail fee revenue, which has been adversely impacted by higher than expected sick leave rates from Covid-19 and lower non-estate product volumes.

Expenses

Overall, expenses were $1.3 million lower than budget mainly due to lower than budgeted spend on personnel resulting from lower employee headcount. This was partially offset by higher supplier costs due to inflationary pressures.

Cash flows

Net inflows from investing activities were $35.7 million above budget, while net outflows from financing activities excluding leases were $26.9 million above budget. The higher net outflows from financing activities were driven by higher than expected net payments to clients, which in turn resulted in higher net inflows from investments as there was an increased need to liquidate investments to make client payments.

27. Events after the reporting period

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

28. Other statutory information

Employee remuneration

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

	2023 Number of employees	2022 Number of employees
$100,000 to $109,999	25	28
$110,000 to $119,999	23	20
$120,000 to $129,999	14	9
$130,000 to $139,999	15	21
$140,000 to $149,999	14	11
$150,000 to $159,999	10	1
$160,000 to $169,999	3	4
$170,000 to $179,999	1	3
$180,000 to $189,999	11	4
$190,000 to $199,999	3	4
$200,000 to $209,999	3	5
$210,000 to $219,999	3	2
$220,000 to $229,999	3	1
$230,000 to $239,999	1	0
$240,000 to $249,999	0	1
$250,000 to $259,999	1	0
$260,000 to $269,999	1	0
$270,000 to $279,999	2	0
$290,000 to $299,999	1	0
$300,000 to $309,999	0	1
$310,000 to $319,999	1	1
$330,000 to $339,999	1	1
$340,000 to $349,999	1	0
$370,000 to $379,999	0	1
$400,000 to $409,999	0	1
$410,000 to $419,999	0	1
$420,000 to $429,999	2	0
$520,000 to $529,999	0	1
$760,000 to $769,999	1	0

Remuneration is inclusive of payments for leave entitlements and, for those employees who left Public Trust's service during the year, exclusive of any compensation or other benefits paid in respect of employment cessation.

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.

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 CE 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 2021, the Chief Executive's remuneration was set at $686,205 which was an increase of $136,200. This increase in remuneration was phased evenly over two years so that the Chief Executive received an increase of $68,100 as of 1 July 2021 and a further $68,100 increase on 1 July 2022.

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

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.

	2023 $000	**2022 $000**
Base salary	693	587
Compensation for Employee Contribution to KiwiSaver @ 3% of base salary	21	18
Additional annual leave purchased*	-	13
Total remuneration	**714**	**618**

*The Chief Executive elected to purchase a fifth week of annual leave each year, however this is included in the base salary from 1 July 2023 onwards.

Board member remuneration

	Board 2023 $000	Subcommittee 2023 $000	Board 2022 $000	Subcommittee 2022 $000
Ian Fitzgerald	56	-	56	-
John Duncan	35	4	35	4
Kevin Murphy	28	5	28	5
Kirsty Campbell	28	4	28	3
Meleane Burgess	28	2	28	1
Graham Naylor	28	1	28	2
Vicki Sykes (resigned 31 October 2022)	9	-	28	1

The Group incurred $71,167 (2022: $60,218) on behalf of the Board members for expenses incurred while enacting their directorship role. Out of the total, $16,409 (2022: $16,782) relates to Board evaluation and Board member training and development costs.

Redundancy and other termination payments

During the year, nine staff received redundancy and other termination payments totalling $473,579 (2022: seven staff, $211,751).

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 2023

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 2023, 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 significant accounting policies and other explanatory information; and
- the performance information of the Group on pages 26 to 29.

In our opinion:

- the consolidated financial statements of the Group on pages 32 to 62:
    - present fairly, in all material respects:
        - its financial position as at 30 June 2023; and
        - its financial performance and cash flows for the year then ended; and
    - 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 performance information on pages 26 to 29:
    - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2023, including:
        - 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
    - 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 provided remuneration benchmarking information and carried out audits of collective investment schemes managed by Public Trust 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 intend 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

Building a better working world

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 reported performance information within the Group's framework for reporting its performance.
- 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 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 Jones
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand
26 September 2023

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