



# State Trustees

## Annual Report 2022-23

## Contents

Chair and CEO Annual Report Joint Statement	4
Charitable Giving	6
FY2023 Highlights	8
About State Trustees	10
Our History	10
Performance Year on Year	10
Our Strategy	12
Strategic Focus in FY2023	14
State Trustees' Products and Services	16
Community Service Agreement	17
Represented Persons	17
Organisational Structure	18
Board of Directors	19
Corporate Governance Statement	20
Environmental Activities	21
Board Committees	22
Public Interest Disclosures Act 2012	24
Occupational Health and Safety	25
Code of Conduct	25
Accessibility and Inclusion Plan	25
Compliance and Risk Management	26
Workforce Data Disclosure	27
Advertising Expenditure	28
Information and Communication Technology (ICT) Expenditure	28
Consultancy Expenditure	28
Financial Statements	29

# Chair and CEO Annual Report Joint Statement

The 2023 financial year was an exceptional one at State Trustees, bringing together foundational planning and development over the preceding three years to execute strongly on our strategic agenda.



We have accelerated the delivery of our Client First Program in order to deliver benefits to clients sooner. The focus on delivering for our Clients, People and Business was most evident through our work in implementing a new Service Delivery Model, a keystone feature of our accelerated Client First agenda. One of the most exciting and practical examples of this was building our InTrust customer relationships management tool (CRM), a transformational technology solution that will enable us to better understand, communicate with and respond to our clients. This represents the beginning of a new era at State Trustees, with enhanced system support tools, faster access to information and smarter use of data.

InTrust will become operational in FY2024 and will be further supported by the additional people in client-facing roles we employed across our Financial Administration business unit during the year. This expansion was possible as a result of the increased Community Services Agreement funding from Government we received last year and which will be allocated between FY2022 and FY2025.

Noteworthy achievements during the 12 months ended 30 June 2023 include:

- Introducing more ways for our clients to connect with us by phone, call back and online chat
- Employing 44 extra people in client facing roles as a result of the additional funding provided under our Community Service Agreement
- Our client experience and satisfaction measures rose for service delivery and satisfaction
- \$3.7 million granted and disbursed by the State Trustees Australia Foundation
- We hosted more free educational webinars on Wills, Executors and Powers of Attorney
- We attended more than 1,800 VCAT hearings.

Listening and responding to client feedback was a key theme that shaped our work during the year. We provided more ways to get in touch with us in a way that is more convenient. Improvements like these have seen the number of complaints fall significantly during the year, while greater public engagement has seen an

uplift in our brand awareness and intention to use our services among the wider community.

Collaboration across State Trustees was also on show in the research and analysis conducted to develop our new Client Value Proposition (CVP), due to be rolled out in FY2024. This in-depth piece of work looked at the whole of State Trustees' suite of products and services, combined with client feedback, to gain a better understanding of how we can provide increased support to our clients. Our enhanced CVP will increase the public's understanding of the end-to-end estate management and financial planning services we are uniquely able to provide.

More of our people had opportunities for career growth internally during FY2023, with secondments, promotions and similar opportunities to learn new skills and have new experiences being taken up across all areas and at all levels of State Trustees. Our people also took the initiative by playing pivotal roles in developing and progressing our Gender Equality Action Plan, Disability Action Working Group, Belonging Working Group and inaugural Reconciliation Action Plan. All of these employee-driven groups sought out expertise and input from across State Trustees, as well as seeking external knowledge and advice, to develop action plans for issues the business has identified as most important to our clients, people and business.

Mercer Australia was appointed as State Trustees' investment manager during the year. This new partnership will significantly benefit clients who are invested in State Trustees' investment funds as they will indirectly access a much broader suite of competitively priced investment options which, over the long term, are expected to improve the quality of client investment returns.

Our financial results were largely in line with financial year 2022 but include a significant uplift in transformation spend as we accelerate the delivery of our InTrust CRM, by targeting to complete the build eighteen months earlier than originally planned, and bring forward important benefits to

our clients. Excluding the transformation spend the underlying business has positive momentum – revenue improvement has been driven by investment market recoveries and improved revenue productivity. Notwithstanding, the acceleration of transformation costs are being tightly controlled.

The total comprehensive result, which includes the net gain/(loss) on revaluations of financial instruments (which are investments State Trustees holds to support its financial sustainability) was a loss of \$0.57m (2022: loss of \$0.60m). Net profit after tax, which excludes the net gain/(loss) from revaluations of financial instruments, was a profit of \$1.8m (2022: \$3.9m). This outcome continues to support the financial sustainability of the organisation and the ability for us to continue meeting all performance requirements for our clients and stakeholders.

## Acknowledgements

We would like to acknowledge and thank our people for their continued commitment to serving the Victorian community and ongoing demonstrations of Care, Unity and Passion. We would also like to thank our team of Executives in their first full year working together as a team. It has been truly gratifying to see the lift in capabilities this team introduced over the course of the year and we look forward to continued strong performance in the future for State Trustees.

**The Honourable Jennifer Acton - Chair**

**John Velegrinis - CEO**



# Charitable Giving

## The State Trustees Australia Foundation

Founded in 1994 as a Public Ancillary Fund, the State Trustees Australia Foundation (the Foundation) encourages giving in perpetuity while engaging in effective philanthropy benefitting the Victorian community.

Each year, the Foundation distributes funds gifted through the wills of generous community members. These disbursements benefit charitable organisations specified by bequestors, or organisations that successfully apply to targeted grant rounds offered by the Foundation.

To date, the Foundation has distributed over \$41 million reflecting the scope of the generosity of Victorians who have made charitable gifts through their wills.

## Major Grant Programs

### Grant round

### Recipient organisations

#### Ageing Well

Targeting systemic issues that impact quality of life for older Victorians, funds disbursed through this round supported projects to enhance physical and emotional wellbeing, particularly in rural communities.

John Richards Centre for Rural Ageing Research  
La Trobe Rural Health School, Live Life Get Active

#### Community Inclusion

Funds distributed through this round supported organisations and projects that encouraged social inclusion and social participation for people with disability.

All Things Equal Ltd, Bayley House, Deaf Australia Inc, Disability Resources Centre Inc, Flying Fox Services Ltd, Grampians Disability Advocacy Association Inc, Melbourne Fringe, Melbourne Youth Chorale Inc, Motor Neurone Disease Association of Victoria Inc, Playgroup Victoria Inc, State Schools' Relief Inc, Travellers Aid Australia

#### Disadvantaged Children

This grant round supported organisations and projects combatting disadvantage experienced by young Victorians, fostering their emotional wellbeing, educational attainment, and life achievement opportunities.

Ballarat and District Aboriginal Cooperative, Banksia Gardens Association Inc, Beyond the Bell, Geelong Youth Engagement, Little Dreamers Australia, MacKillop Family Services

#### Emotional Wellbeing

The second of three annual disbursements was made to Youth Live4Life, supporting community grown, evidence-based, and award-winning youth suicide prevention programs offered throughout regional Victoria.

Youth Live4Life Ltd

## Granting Philosophy

The Foundation's granting program supports identified priority areas including ageing well, disability inclusion, emotional wellbeing, and support for regional communities.

Focussing on the principles of fairness, inclusion, collaboration, integrity and impact, Foundation grants target organisations working innovatively to address systemic challenges that limit the quality of life of Victorians.



2023 Live4Life Baw Baw Crew Launch with special guest speaker Beau Vernon. Image by Lauren Murphy Photography supplied by Youth Live4Life Ltd.



Participants enjoying activities during a multi-day camp experience. Image supplied by Flying Fox Ltd.



Providing purposeful employment for people with and without disabilities. Image supplied by All Things Equal Ltd.

## FY2023 Highlights

\$3.7M   
Foundation funds disbursed

\$48k   
Average grant value

  
\$232,499  
Largest grant payment disbursed

113   
Grant applications received

22   
Grants awarded



# FY2023 Highlights



More than  
**11,000**  
Personal Financial  
Administration  
clients



Over  
**5,500**  
Online Wills sold



Managed  
**\$2.9B**  
of client assets  
under management  
and trusteeship



More than  
**234,000**  
client calls



Approximately  
**1,700**  
Trust clients



Approximately  
**230**  
properties  
bought and sold



Approximately  
**500**  
Financial Power  
of Attorney clients



Over  
**1.2M**  
individual payment  
transactions  
processed



Approximately  
**1,900**  
client visits



Approximately  
**4,400**  
Wills and Powers of  
Attorney written and  
registered



More than  
**11,500**  
Estate beneficiaries  
and over  
**2,300**  
Estates under  
management



Our free webinars  
were attended by  
**800**  
members of  
the public

## About State Trustees Our History

State Trustees is a state-owned company and the Public Trustee for Victoria. As an unlisted public company, the State of Victoria is our sole shareholder.

For generations, we have been administering deceased estates and managing the financial and legal affairs of people who are unable to do so due to disability, mental illness or other incapacity.

State Trustees provides clients with financial and legal assistance during all stages of their life, including specialised services and products such as Will Writing, Powers of Attorney, Executor Services, Trustee Services, and Financial Administration.

Our origins date back to the mid-nineteenth century, as well as the creation of Victoria's Public Trustee following the passage of the 1939 *Public Trustee Act*.

State Trustees was part of a government department until 1987, when we transitioned to a statutory corporation, before becoming a state-owned company in 1994.

State Trustees operates from its three locations in Footscray, Dandenong and Bendigo.

## Performance Year on Year

Our Public Benefit Strategy includes updated performance measures.

### Our Clients

Our new Financial Administration Client Experience Index (CX) presents a more comprehensive picture of our clients' experience and level of satisfaction, resulting in an index score that offers insights into the components that contribute to a positive client experience.



## Performance Year on Year

### Our Clients

Measure	Definition	Financial Year 2021		Financial Year 2022		Financial Year 2023	
		Target	Result	Target	Result	Target	Result
Client Net Promoter Score (NPS)	The NPS is a world-recognised client feedback tool used to benchmark client advocacy. To calculate the NPS, we take the percentage of clients who are promoters and subtract the percentage who are detractors.	+28	+24	+25	+20	+22	+25
Financial Administration Experience Index (CX)	The CX Index is a feedback survey that measures the satisfaction of Financial Administration clients and support networks with our services.	n/a*	n/a*	0.80	0.86	0.80	0.87

\* FACX replaced the Client Value Index (CVI) in FY2022

### Our People

Measure	Definition	Financial Year 2021		Financial Year 2022		Financial Year 2023	
		Target	Result	Target	Result	Target	Result
VPSC People Matter Survey	Engagement score is an indicator of how engaged staff feel with their organisation as a result of the work they do.	60	70	70	67	67	69

### Our Business

Measure	Definition	Financial Year 2021		Financial Year 2022		Financial Year 2023	
		Target	Result	Target	Result	Target	Result
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	EBITDA is calculated as revenue less expenses (excluding tax, depreciation, interest and other comprehensive income).	\$10.3m	\$10.3m	\$10.6m	\$6.9m	\$10.0m	\$8.2m

## Our Strategy

State Trustees' organisational Strategy 2021-2024 reflects our entire organisation, providing an overarching framework for corporate planning, budgeting and reinvestment. The Strategy emphasises the importance of public benefit, which is at the heart of who we are and what we do.

### Why we exist

State Trustees exists to help people plan, manage and live on through every stage of life.

This manifests through the services and support we provide, as well as the community education and advocacy that we perform to improve peoples' circumstances.

### What we do

We deliver public benefit to Victoria through vital services and expert support that improves our clients' financial wellbeing and peace of mind.

Through our services and support, we make a positive difference to the Victorian community. Our ability to provide this public benefit also depends upon how we manage our relationships with other organisations, how we position ourselves in the community, and how and where we reinvest back into the business.

### Our Clients

State Trustees' suite of services help people plan, manage and live on through every stage of life. Recognising the breadth of our services and the diversity of our clients, our goal is to ensure that our suite of services is tailored to meet client needs.

Our commitment to our clients means we:

- understand and empower our clients
- provide relevant and accessible services, and
- improve and innovate service delivery.

### Our People

State Trustees' capabilities to deliver high-quality client services are dependent upon an engaged, high-performing workforce that reflects the diverse and inclusive Victoria we work within. We want our people to feel safe and supported, to have the expertise they need to assist our diverse clients, as well as being challenged in ways that develop them in their careers. We demonstrate our commitment by:

- providing a safe, flexible and inclusive workplace
- building resilient and high-performing teams, and
- supporting our people to grow and develop their capabilities.

### Our Business

State Trustees is synonymous with expertise, accessibility and delivering value for our clients and the wider community. How we're viewed by the community is critical to building awareness, and growing our organisation increases our ability to benefit the public and ensure a sustainable business.

We ensure ongoing delivery of public benefit by:

- being a trusted partner to community and Government
- delivering sustainable impact through growth and diversification, and
- investing in technology that supports our clients and people.



## Strategic Focus in FY2023

### Our Clients

- ✔ Understand and empower clients
- ✔ Provide relevant and accessible services
- ✔ Improve and innovate service delivery

- Approximately 1,900 client visits
- Four free webinars hosted
- Online chat and call back options introduced
- More than 234,000 client calls made

### Our People

- ✔ Provide a safe, flexible, and inclusive workplace
- ✔ Build resilient and high performing teams
- ✔ Support people to grow and develop their capabilities

- Diversity Equity and Inclusion, Belonging, and Disability Action working groups driven for and by our people
- Improved People Matter engagement measure
- Increased secondment and career-progression opportunities
- Roll out of Learning & Development strategy

### Our Business

- ✔ Be a trusted partner to the community and Government
- ✔ Deliver sustainable impact through growth and diversification
- ✔ Invest in technology that supports our clients and people

- More than \$30 million in additional Community Services Agreement funding over four years provided by State Government
- InTrust CRM built and ready for operation in FY2024
- NPAT of \$1.8 million

*"I would just like to thank you for the help and support you have given me."*

*Financial Administration client*

*"Made the whole process easy, understanding our wishes was key."*

*Consultative Will client*

*"You are helping me out more than you will ever know."*

*Financial Administration client*

*"Thank you for your guidance, support and understanding."*

*Deceased Estate client*

*"You made a tough time that much easier for us."*

*Deceased Estate client*

*"Made a complex issue a very simple process."*

*Online Will client*

*"You are always ready to listen to me."*

*Attorneyship client*

*"Very understanding and take the time to listen."*

*Trusts client*

*"Reliable, very professional and caring."*

*Trusts client*

*"Friendly, professional interactions with expert advice."*

*Consultative Will client*

*"Simple and quick."*

*Online Will client*



## State Trustees' Products and Services

### Core Services

- Financial Administration • Executor Services - Deceased Estate Administration and Executor Assist
- Powers of Attorney Administration • Victorian Will and Powers of Attorney Registry • Trust Administration
- State Trustees Australia Foundation • Private Charitable Trust Administration • Will and Powers of Attorney • Financial Planning
- Funeral Fund • Genealogy Services • Investment Services
- Legal Services • Taxation Services

### Services Agreements

- Community Service Agreement • HomesVic
- Solar Homes • VCAT Examinations Service Agreement

## Community Service Agreement

A Community Service Agreement has been in place between State Trustees and the State since 1994. The agreement partly funds the costs of administering the financial affairs of clients who would not otherwise have the funds to access these services.

The Community Service Agreement applies to some statutorily nominated services, including tribunal-appointed financial administration and

deceased estate administration, as well as some funding for vulnerable Victorians to access attorneyship and trust administration services.

Government funding is directed to services covered by legislation that includes the *State Trustees (State Owned Company) Act 1994*, *Administration and Probate Act 1958*, *Trustee Act 1958*, and *Guardianship and Administration Act*, in both its 1986 and 2019 form.

## Represented Persons

The Victorian Civil and Administrative Tribunal (VCAT) appoints State Trustees as an administrator for the financial affairs of people who are deemed to have impaired financial decision-making capacity as a result of disability or mental illness.

State Trustees administers the financial affairs of approximately 10,000 represented persons. Any person may apply to VCAT seeking the appointment of an administrator. VCAT may nominate a person such as a family member, friend, accountant, solicitor, State Trustees or a private trustee company which it considers could undertake the role. The Public Advocate may also apply to VCAT to appoint a guardian or administrator or to review appointments.

In cases where the applicant does not nominate an administrator, or VCAT considers the nominee unsuitable - for example, where there is significant family conflict - VCAT may appoint State Trustees or another suitable administrator.

Subject to the *Guardianship and Administration Act* (1986 or 2019) and the administration order, an administrator:

- is responsible for managing the represented person's estate
- takes possession and care of, recovers, collects, preserves, and administers the property and estate, and generally manages the represented person's financial affairs, and
- exercises all rights relating to the estate that the represented person might exercise if they had the ability to do so.

In exercising such wide powers, the legislation requires an administrator to act in accordance with the person's will and preferences, unless doing so would cause serious harm to the person. As administrator, State Trustees is also responsible for assisting the person to regain financial decision-making skills as far as possible.

When dealing with represented persons' affairs, employees must adhere to the secrecy obligations set out in section 17 of the *State Trustees (State Owned Company) Act 1994* and the confidentiality requirements of the *Victorian Civil and Administrative Act 1998 (Vic)*.

# Organisational Structure

## Board of Directors



**Jennifer Acton**  
Chair



**Anthony Clark**



**Angela Emslie**



**Helen Hambling**



**Vivienne Nguyen**



**Mark Toohey**

## Our Executive Team



**John Velegrinis**  
Chief Executive Officer



**Brett Comer**  
Chief Financial Officer  
and General Manager  
Corporate Services



**Josie Brown**  
General Manager  
Financial  
Administration



**Melissa Reynolds**  
General Manager  
Trustee Services



**Andrew Tennant**  
General Manager  
Professional Services

# Board of Directors

## Board composition

State Trustees is governed by a Board of Directors, appointed by the Treasurer on behalf of the State of Victoria. Details of the Directors, their experience, expertise, qualifications and terms of office are set out in the Board of Directors section of the Directors' Report.

## Chair

The Chair is responsible for leading the Board, ensuring Directors are properly briefed on all matters relevant to their role and responsibilities, facilitating Board discussions, and managing the Board's relationship with the organisation's senior Executives.

## The Board's role

The Board's role is to provide strategic guidance within a framework of prudent and effective controls that enables risk to be assessed and managed.

## Independent professional advice and access to organisation information

Each Director has the right to access all relevant State Trustees information and, subject to prior consultation with the Chair, may seek independent professional advice from a suitably qualified adviser at the organisation's expense.

## Board processes

The Board of Directors held 9 meetings during the financial year.

In months where Board meetings were not scheduled, Directors remained informed by a report from the Chief Executive Officer. The Company Secretary prepares meeting agendas in consultation with the Chair, Chief Executive Officer and Executive. Standing items include the Chief Executive Officer's report (including a financial report), updates from Board Committee meetings, monitoring of the risk management and compliance framework and other strategic matters as arise from time to time.

## Governance review

The organisation, the Board and its committees continue to monitor governance arrangements on an ongoing basis.

## Continuing professional development

The Board has a policy on continuing professional development to encourage Directors to further develop their skills and expertise through high-quality learning and professional development opportunities.

## Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interests that might potentially conflict with those of State Trustees. Directors are guided in this area by Board-developed procedures on disclosing potential conflicts of interest. Where the Board believes that a significant conflict exists, the Director concerned does not receive the relevant Board papers and is not present at the meeting while the relevant matter is considered.



## Corporate Governance Statement

State Trustees is committed to achieving and demonstrating the highest standards of corporate governance. State Trustees’ core governance practices are consistent with the standards set by the Victorian Public Sector Commission.

State Trustees is a state-owned company, incorporated as an unlisted public company, registered with the Australian Securities and Investments Commission (ASIC). State Trustees also holds an Australian Financial Services Licence.

State Trustees is required to comply with the following legislation:

- *State Owned Enterprises Act 1992* (Vic);
- *State Trustees (State Owned Company) Act 1994* (Vic);
- *Guardianship and Administration Act 1986* (Vic);
- *Guardianship and Administration Act 2019* (Vic);
- *Trustee Companies Act 1984* (Vic); and
- *Corporations Act 2001* (Cth).
- *Financial Management Act 1994* (Vic).

The State of Victoria is the sole shareholder of the Company. State Trustees reports to the Treasurer of Victoria, through the Victorian Department of Treasury and Finance.

### Executive

The Chief Executive Officer develops and implements State Trustees’ operational and corporate plan and is accountable to the State Trustees Board for expenditure, operations and administration in accordance with State Trustees’ strategy, policies and legal requirements. The Chief Executive Officer and Executive team’s authority to act is described in a formal instrument of delegated authority, approved by the Board.

## Environmental Activities

State Trustees is committed to minimising the impact of our activities on the environment, with many initiatives in place across our offices to ensure we are an environmentally sustainable organisation including:

- maintaining low paper usage and waste paper recycling systems;
- using laser and multi-function printers/ photocopiers with energy saving features including a cartridge recycling program;
- recyclable plastics, cardboard, organic food waste and electronic waste recycling services;
- environmentally friendly cleaning products, suppliers and vendors;
- a motor vehicle fleet that’s maintained regularly comprising 60% hybrid and 40% low emissions;
- smart lighting and mechanical systems reducing power consumption by shutting down when not required.

State Trustees’ head office in Footscray is a 5 Star Green Star building. Facilitated by the Green Building Council of Australia (GBCA), the aim of the Green Star program is developing a sustainable property industry for Australia by encouraging the adoption of green building practices.

The National Australian Built Environment Rating Systems (NABERS) targets agreed in the lease are as follows:

	Minimum Target	Current Performance
NABERS Energy	4.5 Star	5.0 Star
NABERS Water	5.0 Star	5.5 Star

The following information has been prepared in accordance with Financial Reporting Direction (FRD) 24 Reporting of environmental data by government entities, that has been effective from 1 July 2022 onwards.

State Trustees is considered a Tier 4 entity as per the Guidance framework on the application of reporting tiers. State Trustees Limited is eligible to utilise the simple disclosure approach in reporting its environmental impact data on the basis that:

1. State Trustees has a Service Level Agreement in place through the State Purchase contract for the provision of supplying electricity to its facilities. Data will be reported on in Whole of Victorian Government reporting.
2. State Trustees uses a separate provider for the provision of office accommodation and fleet services. However, the fleet is considered immaterial for the purposes of this disclosure and there are currently no plans to construct any new buildings or substantial fit outs in any of the buildings.

Electricity	Purchased through the State Purchase Contract
Fleet	Entity owns the vehicles that have been procured from a separate provider. However, the fleet is not considered material for the purposes of this disclosure.
Office accommodation	Leased directly by State Trustees Limited, but no plans for new construction or substantial fit-outs in any of the buildings.

## Board Committees

The Board has established a number of committees to help it perform its duties and allow detailed consideration of complex issues. Each committee's charter is reviewed at least annually.

The standing committees during the 2023 Financial Year were:

- Audit, Risk and Compliance Committee
- Investment Committee
- Remuneration Committee
- External Stakeholder Engagement Transformation Committee

Generally, committee structures and membership are reviewed annually.

Each committee has its own written charter setting out its roles and responsibilities, composition, structure, membership requirements and the manner in which the committee operates.

### Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee oversees the financial reporting and corporate accounting policies and controls of State Trustees and monitors the organisation's compliance with relevant legislative and regulatory obligations.

The Committee is responsible for approving the internal audit program conducted each year. The internal auditors help the Board ensure compliance with internal controls and risk management programs by regularly reviewing how well the compliance and control systems function. State Trustees internal audit team comprise the in-house Internal Auditor and KPMG.

The Auditor-General is the organisation's official external auditor and has contracted State Trustees' external audit to RSM Australia.

### Investment Committee

The Investment Committee oversees policies and frameworks governing client's investable assets, State Trustees Investment Funds, the Corporate investment portfolio and the State Trustees Australia Foundation.

### Remuneration Committee

The Remuneration Committee makes specific recommendations on remuneration packages and other employment terms for the Chief Executive Officer and other senior executives. The Committee also makes recommendations to the Board on superannuation arrangements and has oversight of succession planning for key roles within State Trustees.

### External Stakeholder Engagement Transformation Committee

The External Stakeholder Engagement Transformation Committee assists the Board in fulfilling its corporate governance responsibilities in relation to the Company's public and government relations.

The Committee's responsibilities include the development and implementation of State Trustees' External Stakeholder Engagement Strategy.



## Public Interest Disclosures Act 2012

State Trustees is committed to the aims and objectives of the *Public Interest Disclosures Act 2012*.

State Trustees does not tolerate improper conduct from its Directors, employees, contractors or service providers at any time, nor does it tolerate the taking of reprisals of any sort against those who come forward to disclose improper conduct.

State Trustees Whistleblower Protection and Public Interest Disclosures Policy is available on the State Trustees website: [www.statetrustees.com.au](http://www.statetrustees.com.au).

State Trustees is not a body that can receive disclosures of improper conduct under the *Public Interest Disclosures Act 2012*. However, State Trustees is a body in respect of which disclosures of improper conduct can be made. A person wanting to make a disclosure of improper conduct about State Trustees or its Directors or employees or contractors or service providers must do so to the Independent Broadbased Anti-corruption Commission (IBAC).

### IBAC Contact Details

**Phone:** 1300 735 135

**Fax:** (03) 8635 6444

.....

#### Street address:

Level 1, North Tower,  
459 Collins Street,  
Melbourne, VIC 3000

.....

#### Mail:

IBAC, GPO BOX 24234,  
Melbourne, VIC 3001

.....

**Website:** [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

## Occupational Health and Safety

State Trustees is committed to protecting the health, safety and wellbeing of all employees, contractors, clients and visitors. We strive to accomplish this through the continual development and support of a culture that embraces wellbeing, health and safety as a priority.

State Trustees' Occupational Health & Safety management system is in place to ensure that we are constantly reviewing and assessing risks and, where necessary, implementing changes to reduce risks to ensure the safety of our people.

The State Trustees Occupational Health & Safety Committee consists of health and safety representatives who are members of a designated work group and have been elected and hold office in accordance with the provisions of the *Occupational Health and Safety Act 2004*. The primary responsibility of the committee is to facilitate cooperation between management and employees in developing and carrying out measures designed to ensure a safe and healthy working environment.

## Code of Conduct

State Trustees adheres to the Victorian Public Service Code of Conduct, which is available from the Victorian Public Sector Commission website: <https://vpssc.vic.gov.au>.

## Accessibility and Inclusion Plan

State Trustees' Accessibility and Inclusion Plan outlines our commitment to make our organisation, facilities and services more accessible, relevant and supportive for all Victorians. We continue to monitor our progress against this plan and identify ways we can improve.

## Compliance and Risk Management

### Risk Management Framework

State Trustees recognises the importance of effective risk management in protecting the long-term value of our organisation and providing the best possible service to Victorians. State Trustees' Risk Management Framework (RMF) is designed to allow State Trustees to deliver on its Corporate Plan and Public Benefit Strategy to help Victorians protect and grow their legacy and financial wellbeing at all stages of life.

State Trustees' RMF is aligned to the International Risk Management Standard AS/NZS 31000:2018. It enables State Trustees to identify, assess and manage risk across the company and manage risk exposures at an appropriate level across the organisation within the Board approved risk appetite.

State Trustees operates an Audit, Risk & Compliance Governance Structure via the State Trustees Board, Board Audit and Risk Committee and Executive Risk Committee of Management, which oversees risk in accordance with ISO Standard 31000 and the Victorian Government Risk Framework (VGRMF).

In addition, State Trustees' current assurance functions are provided by KPMG and in-house resources for internal audit, risk and compliance advisory, and client feedback management.

Furthermore, the Risk, Compliance and Assurance teams support management with the mitigation of risks, through proactive identification and development of controls and regular reporting to the Board, the Audit, Risk and Compliance Committee and the RCoM on the status of risk across the organisation.

State Trustees manages risk through the application of the 'Three lines of defence model' that provides insights into State Trustees' ability to effectively manage risk throughout the organisation. The first line (Provision of products/ services to clients) of defence is the owner of business process or service, i.e. management and employees, and effective internal controls, policies, processes and the maintenance of operational risk. The second line (Expertise, support, monitoring and challenging on risk relate matters) of defence is via the risk, compliance and assurance teams. The third line (Independent and objective assurance and advice on all matters related to the achievement of objectives) of defence is the Audit Risk and Compliance Committee, the Board and State Trustees' externally appointed internal auditor KPMG.

### Compliance

State Trustees is committed to meeting high standards of compliance and ethical conduct. Compliance at State Trustees is overseen by the Audit, Risk and Compliance Committee of the Board, and managed through a compliance policy, compliance management framework, compliance program of work and a regulatory change management framework. To help more effectively manage specific financial services compliance responsibilities, State Trustees operates an Australian Financial Services Licence Committee attended by key management team members. State Trustees has a protected disclosures co-ordinator, for the co-ordination of compliance with the Victorian protected disclosures regime.

## Workforce Data Disclosure

	Total		Ongoing Employees			Fixed Term	
	Employees (headcount)	FTE	Full Time (headcount)	Part Time (headcount)	FTE	Headcount	FTE
<b>Jun-23</b>	541	516	420	76	471	45	44.2
<b>Jun-22</b>	486	455	371	77	423	38	33
<b>Jun-21</b>	506	473	363	82	415	61	58

	Jun-23			Jun-22			Jun-21		
	Ongoing Employees		Fixed Term	Ongoing Employees		Fixed Term	Ongoing Employees		Fixed Term
	Numbers (headcount)	FTE	FTE	Numbers (headcount)	FTE	FTE	Numbers (headcount)	FTE	FTE
<b>Gender</b>									
Male	172	169	13	162	149	9	172	145	21
Females	324	302	31	324	274	24	334	270	37
<b>Age</b>									
Under 25	15	14	9	20	12	6	9	4	4
25-34	91	86	10	77	72	2	98	79	14
35-44	160	153	11	160	136	13	172	138	21
45-54	128	123	7	131	117	7	128	107	13
55-64	85	80	8	82	72	5	80	71	5
Over 64	17	15	0	16	13	0	19	16	1

- All figures reflect active employees in the last full pay period of June each year.
- Ongoing employees refers to people engaged on an open-ended contract of employment and executives engaged on a standard executive contract who were active in the last full pay period of June.
- FTE means full time equivalent.
- Excluded are those on leave without pay or absent on secondment, external contractors/ consultants, and temporary staff employed by employment agencies along with any staff on extended leave in the last pay period of June each year.



## Advertising Expenditure

In 2022-23, there were no advertising campaigns with total media spend of \$100 000 or greater (exclusive of GST) during the 12 months ended 30 June 2023.

## Information and Communication Technology (ICT) Expenditure

For the 2022-23 reporting period, the Consolidated Entity had a total ICT expenditure of \$18.5m with the details shown below.

All operational ICT Expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
(BAU) ICT Expenditure	Total (Non-BAU) ICT expenditure	Operational Expenditure	Capital Expenditure
\$'000	\$'000	\$'000	\$'000
<b>\$12,031</b>	<b>\$6,497</b>	<b>\$5,566</b>	<b>\$931</b>

## Consultancy Expenditure

Consultant	Purpose of Consultancy	Total Approved Project Fee (excl. GST) \$'000	Expenditure 2022/23 (excl. GST) \$'000
Ako AI Australia Pty Ltd	Development of strategic roadmap for payments	85	85
KAL Technologies Pty Ltd	Project Management Services - defining requirements and vendor benchmarking	25	25
Lockton Companies Australia Pty Ltd	Professional Services and market scan	20	20
RIVOR Advisory Pty Ltd	Operating model review	10	10
<b>Total</b>		<b>140</b>	<b>140</b>

### Details of consultancies under \$10,000

In 2022/23, there were 2 consultancies engaged during the year, where the total fees payable to the individual consultants was less than \$10,000. The total expenditure incurred during 2022/23 in relation to these consultancies was \$7,303(GST excl.)

## Financial Statements

State Trustees Limited  
ABN 68 064 593 148

# Contents

<b>A. Directors' Report of Operations</b>	<b>33</b>
<b>B. Auditor-General's independence declaration</b>	<b>40</b>
<b>C. Attestation for financial management compliance with Ministerial Standing Direction 5.1.4</b>	<b>41</b>
<b>D. Consolidated Comprehensive Operating Statement</b>	<b>42</b>
<b>E. Consolidated Balance Sheet</b>	<b>43</b>
<b>F. Consolidated Cash Flow Statement</b>	<b>44</b>
<b>G. Consolidated Statement of Changes in Equity</b>	<b>45</b>
<b>H. Notes to the Consolidated Financial Statements</b>	<b>46</b>
<b>1. About this Report</b>	<b>46</b>
<b>2. Funding Delivery of Our Services</b>	<b>48</b>
2.1. Summary of Revenue from Service Delivery	48
2.2. Government Subsidy and Other Income	51
<b>3. The Cost of Delivering Services</b>	<b>52</b>
3.1. Expenses Incurred in the Delivery of Services	52
3.1.1. Employee Benefits in the Comprehensive Operating Statement	53
3.1.2. Employee Benefits	54
<b>4. Key Assets available to support Service Delivery</b>	<b>56</b>
4.1. Total Property, Plant and Equipment	56
4.1.1. Depreciation, Amortisation and Impairment	57
4.1.2. Reconciliation of movements in carrying amount of Property, Plant and Equipment (PPE)	58
4.2. Intangible Assets	59
4.3. Investments and Other Financial Assets	60
4.4. Leases	61
4.4.1. Right-of-Use Assets	61
4.4.2. Leased Liabilities	62
<b>5. Other Assets and Liabilities</b>	<b>63</b>
5.1. Contractual Receivables, Contract Assets and Advances to clients	63
5.2. Contractual Payables, Restricted Payables, Statutory Payables and Contract Liabilities	66
5.3. Contract Assets and Liabilities	67
<b>6. How We Financed Our Operations</b>	<b>68</b>
6.1. Cashflow Information and Balances	68
6.2. Commitments for Expenditures	69

<b>7. Risks, Contingencies and Valuation Judgements</b>	<b>70</b>
7.1. Financial Instruments Specific Disclosures	70
7.1.1. Financial Instruments Categorisation	72
7.1.2. Financial Instruments - Net Holding Gain / (Loss) by category	73
7.1.3. Financial Risk Management Objectives and Policies	74
7.2. Contingent Assets and Liabilities	80
7.3. Fair Value Determination	81
<b>8. Other Disclosures</b>	<b>83</b>
8.1. Contributed Equity	83
8.2. Client Assets Under Management	83
8.3. Income Tax Expense, Assets and Liabilities	84
8.3.1. Income Tax Equivalent Expense	85
8.3.2. Income Tax Deferred Assets and Liabilities	85
8.4. Reserves	87
8.5. Controlled Entity	88
8.6. Parent Entity Information	89
8.7. Economic Dependency	89
8.8. Remuneration of Auditors	90
8.9. Other Significant Accounting Judgements, Estimates and Assumptions	90
8.9.1 Determination of Control over Other Entities	90
8.9.2 Compliance with International Financial Reporting Standards	90
8.9.3 Impairment of Leasehold Improvements for Level 13, Footscray Office	91
8.10. Responsible Persons	92
8.11. Remuneration of Executives	92
8.12. Related Party Disclosure	94
8.13. Matters Subsequent to the End of the Financial Year	97
<b>Directors' Declaration</b>	<b>98</b>
<b>Independent Auditor's Report</b>	<b>99</b>

These financial statements cover both State Trustees Limited (“the parent”) and STL Financial Services Limited as its wholly owned subsidiary (“the subsidiary”).

The parent including the subsidiary (“the Group”) is a state-owned company. Its registered office and principal place of business is:

1 McNab Avenue  
Footscray, Victoria 3011

A description of the nature of the Group’s operations and its principal activities is included in the Directors’ Report of Operations on pages 1-7, which is not part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 31 August 2023.

## A. Directors’ Report of Operations

The Group’s Board of Directors are pleased to present the consolidated financial statements for the year ended 30 June 2023.

### 1. Board of Directors

The following persons were directors of the Group during the whole of the financial year and up to the date of this financial report, unless otherwise stated:

#### The Honourable Jennifer Acton

LLB(Hons), LLM, BEc, MEd, GAICD

**Committees:** Chair of the Board, Member of the Audit, Risk and Compliance Committee and Member of the Investment Committee.

**Experience:** Jennifer is the Chair of the Port of Hastings Corporation, Chair of CoINVEST Ltd, a Member of the Victorian Independent Remuneration Tribunal and a consultant. She has previously been a director in the transport, water and education industries.

#### Mark Toohey

MAppFin, BBus (Acctg), FCA, FCPA, GAICD

**Committees:** Chair of the Audit, Risk and Compliance Committee and Member of the Investment Committee.

**Experience:** Mark is a member of the Victoria University Council, Chair of V/Line Corporation and the Department of Treasury and Finance’s Audit and Risk Committees and a member of the Department of Health Audit and Risk Management Committee. He has previously held a series of executive roles in finance, including as Chief Financial Officer.

#### Helen Hambling

BA, MPubPol

**Committees:** Chair of the Remuneration Committee and Member of the External Stakeholder Engagement Transformation Committee.

**Experience:** Helen has worked as a senior executive for the Australian Government in areas including disability, housing, homelessness, Indigenous affairs, childcare, gambling, child protection and family services. Helen also works as a consultant.

#### The Honourable Theo Theophanous

(resigned 22 February 2023) BA (Hons)

**Committees:** Member of the Investment Committee and Member of the External Stakeholder Engagement Transformation Committee.

**Experience:** The Honourable Theo Theophanous is a former Victorian Government Minister, who has held a number of senior portfolios. Theo has a range of skills in governance, accountability, strategic thinking and negotiation. Theo has previously been a Board Member of the Victorian Planning Authority and was a Parliamentary Advisor to the World Bank.



**Angela Emslie AM**

BEc, MBus, FAIST, MAICD

**Committees:** Chair of the Investment Committee and Member of the Audit, Risk and Compliance Committee.

**Experience:** Angela has a wealth of expertise in governance, strategy, superannuation and investments. Angela is Chair of housing developer Assemble Communities, Chair of Frontier Advisors and a non-executive director at RGA Reinsurance Company of Australia. She is also Chair of Suicide Prevention Australia and has previously been Chair of HESTA Super Fund and a Director of the UN supported Principles for Responsible Investment (PRI).

**Tony Clark**

Bsc (Hons), MA (Comms), MAICD

**Committees:** Member of the Remuneration Committee and Member of the External Stakeholder Engagement Transformation Committee.

**Experience:** Tony brings extensive communication and stakeholder management expertise delivering major infra-structure in the health sector and has led major transformational projects in the disability and housing sectors. Tony is Chair of International Association of Public Participation (IAP2) and lives in regional Victoria. Tony Also brings the benefit and value of lived experience of disability (blind).

**Vivienne Nguyen AM**

MAppFin, BComm

**Committees:** Member of the Audit, Risk and Compliance Committee and Member of the Investment Committee

**Experience:** Vivienne is the Chair at the Victorian Multicultural Commission as well as an established business executive and community leader, having previously held roles as Group Head of Diversity at the ANZ Banking Group, President of the Vietnamese Community in Australia's Victorian Chapter and non-executive director at City West Water.

**Julie Ligeti**

(resigned 11 August 2023) LLB, BA

Julie Ligeti has been on a leave of absence since 18 June 2022 that was approved by the Board. Ms. Ligeti has resigned from the Board on 11 August 2023.

**2. Other Officers****John Velegrinis – Chief Executive Officer**

FFin, MAICD

**Appointed:** 16 August 2021

An experienced CEO with substantial experience in Funds Management, commercial and corporate banking. Prior to joining State Trustees, John led several key areas of the ANZ Group, including Risk for International, ANZ Fiji, Regional Markets - Pacific, and Credit, Commercial and Wealth, Australia. John was CEO of the Australian Scholarships Group, the largest specialist education benefits provider in Australia and New Zealand. John was appointed interim CEO on 16 August 2021, following the previous CEO secondment to V Line and was appointed permanent CEO on 2 March 2022.

**Andrew Tennant – General Manager, Professional Services**

BA (Hons), GAICD

**Appointed:** 19 August 2019

Andrew is responsible for the Professional Services business unit, which provides a range of specialised services to safeguard and improve State Trustees client's financial wellbeing. These include the areas of taxation, financial planning, legal services and client property, assets and cashflow. Andrew comes to State Trustees from the financial services industry after a career at ANZ and NAB, where he undertook a variety of senior management roles across Finance, Retail District Management, National Sales Effectiveness, Workforce Planning, National Sales Strategy, Product Management and Internal Audit.

**Josephine Brown – General Manager, Financial Administration**

MBL, AAICD

**Appointed:** 19 August 2019

Josie is responsible for the Financial Administration business unit. Prior to her appointment in this role, she was the Acting Executive General Manager for Client Services; including VCAT Administration, Deceased Estates, Trusts and Powers of Attorney. Josie has held a variety of Senior Manager and Executive roles during her time at State Trustees. She has experience across a diverse range of banking and finance areas, as a result of over 28 years of experience in the Financial Services Industry. Prior to State Trustees Josie worked for 14 years at NAB where she held a variety of senior roles including Regional Executive for Retail banking, National Sales & Marketing, and Workplace Relations. Josie is an alumnus of Leadership Victoria's, Folio Community Leadership Program.

**Brett Comer – Chief Financial Officer and General Manager, Corporate Services**

BBus (Acct), FCA, GAICD

**Appointed:** 27 June 2022

Brett is responsible for the Corporate Services function at State Trustees comprising Finance & Investments, Legal, Risk, Compliance & Assurance, Information Services and the Client First transformation program. Brett is a values-driven leader with extensive experience in delivering relevant and sustainable outcomes in collaboration with his team and stakeholders for the benefit of customers and the community. Brett has held executive roles at Bupa Australia and New Zealand, Monash IVF Group and Camp Australia, leading significant transformation and change programs at both a functional and enterprise-wide level.

**Margaret (Marg) Canavan – Acting General Manager, Trustee Services****Appointed:** 1 July 2022**Concluded:** 25 July 2022

Marg was responsible for the Trustee Services division which develops, grows and delivers core Trustee products and services, including wills, attorney ships, executor assist and trust administration.

**Melissa Reynolds – General Manager, Trustee Services**

BEc, M.Com, GAICD

**Appointed:** 26 July 2022

Melissa is responsible for the Trustee Services business at State Trustees, which includes Wills, Power of Attorney, Deceased Estate Administration, Trusts as well as State Trustees Charitable Giving. Melissa is experienced senior executive who has led significant client facing teams to deliver better client outcomes across a diverse range of sectors. Melissa has a breadth of leadership experience with deep expertise in customer management, customer operations, digital transformation, brand, and marketing.

In her most recent executive role, Melissa was Chief Customer Officer at AGL and has previously held senior executive positions at NAB, including leading their retail branch network nationally, Sensis, Esanda Finance and Westpac. Melissa is an alumnus of Advanced Management Program, France.

### 3. Directors' meetings

Director	State Trustees Limited (STL) Board Meeting		Audit, Risk & Compliance Committee		Investment Committee		Remuneration Committee		External Stakeholder Engagement Transformation Committee		STL Financial Services Limited (STLFSL) Board Meeting	
	A	H	A	H	A	H	A	H	A	H	A	H
Jennifer Acton <sup>(a)</sup>	8	9	4	4	3	4	0	0	0	0	1	1
Mark Toohey <sup>(b)</sup>	9	9	4	4	4	4	0	0	0	0	1	1
Helen Hambling <sup>(c)</sup>	7	9	0	0	0	0	2	2	2	2	1	1
Angela Emslie <sup>(d)</sup>	9	9	4	4	4	4	0	0	0	0	1	1
Theo Theophanous <sup>(e)(f)</sup>	4	4	0	0	1	2	0	0	1	1	1	1
Anthony Clark	8	9	0	0	0	0	2	2	2	2	1	1
Vivienne Nguyen	9	9	4	4	4	4	2	2	N/A	N/A	1	1
Julie Ligeti <sup>(g)</sup>	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

A Number of meetings attended.

H Number of meetings held during the time the director held office exclusive of leave of absence.

(a) Jennifer Acton was Chairperson of the Boards of STL and STLFSL.

(b) Mark Toohey was Chairman of the Audit, Risk and Compliance Committee.

(c) Helen Hambling was Chairperson of the Remuneration Committee

(d) Angela Emslie was Chairperson of the Investment Committee.

(e) Theo Theophanous was Chairperson of the External Stakeholder Engagement Transformation Committee.

(f) Theo Theophanous resigned from his position as a Director of State Trustees on 22 February 2023.

(g) Julie Ligeti advised that effective Monday 18 June 2022 she is taking a 12 month leave of absence

In addition, all Directors attended other meetings with Management in the discharge of their duties.

### 4. Principal activities

The parent's principal activities during the year were acting as trustee, executor, financial administrator, attorney and provider of other fiduciary and agency services.

The subsidiary's principal activities during the year were to hold investments to generate investment income.

### 5. Dividend

The Victorian Government dividend policy requires a distribution of 50% of operating profit after tax to the shareholder. In 2022/23 the Group recorded a net operating loss after tax of \$573,000, therefore no dividend will be paid to the shareholders.

Consolidated Entity	2023 \$'000	2022 \$'000
Final dividend	-	-
<b>Total dividends for the year</b>	<b>-</b>	<b>-</b>

### 6. Review of operations

Financial Year 2023 was the first year of the new Community Services Agreement (CSA) with the Department of Families, Fairness and Housing (DFFH) which provides a significant increase in funding to support the important work the Group does on behalf of vulnerable Victorians.

Alongside the additional CSA funding, the service delivery model was finalised ensuring that the Group provides services to Financial Administration clients that are both sustainable and appropriately meet client needs. This is further supported by the building of InTrust client relationship management system (CRM) which will transform the experience of clients interacting with the Group.

The initial release of inTrust will improve the way Financial Administration clients communicate with the Group including multiple communication channels, as well as enhancements to client budgets and payment requests and approvals. Further releases will address the remaining functions across the Financial Administration client journey, before then focusing on the needs of the Group's other client cohorts.

All key performance indicators under the new CSA have been met including the development of an existing client visit program, which saw 1200 individual clients visited in financial year 2023, 355 clients participate in the Group's Financial Independence Program and 521 of our more complex clients managed by our recently formed Specialised Support team.

Client growth in the Trustee Services business was strong with new deceased estate intakes up 11% over the prior financial year, while our will volumes, which has been a focus of development over recent years, were up 19%.

During the year the Group transitioned to Mercer Australia Limited (Mercer) as its investment manager. This transition followed a comprehensive and independent review of the Group's investment strategies and the investment needs of its clients and a subsequent tender process which involved a number of leading investment management organisations. This new partnership will significantly benefit clients who are invested in the Group's investment funds as they will indirectly have access to a much broader suite of competitively priced investment options

which over the long term are expected to improve the quality of client's investment returns.

The operating environment for the Group has been, and remains, challenging. Investment markets have recovered some of the large losses from financial year 2022, however, inflation still remains high. This is further fuelled by the central bank tightening its monetary policy to mitigate further downside impacts from inflation, resulting in ongoing market volatility. A significant portion of the cost uplift in financial year 2023 was directed towards transformational activities including the InTrust CRM build. The Group continues to tightly control its underlying business costs despite labour market and other cost pressures that are impacting the cost line.

In Financial Year 2023 the Group elected to no longer recognise deferred tax assets resulting from losses on financial instruments that are held within the corporate investment portfolio. As a result, the income tax expense line is not reflective of the Group's underlying business performance nor is it comparable to prior years where the income tax expense has been calculated on a different basis.

Excluding the impact of the income expense change, the underlying business delivered modestly improved financial results from the prior year. Higher revenue and income have been driven by the recovery in investment markets benefiting both the Group and its clients' financial performance, while a number of organisational initiatives implemented over Financial Year 2023 has supported greater revenue productivity. The revenue uplift has offset the expense growth which includes significantly higher transformation spend including the building of the Group's inTrust CRM which is expected to deliver significant client and organisational benefits.

The total comprehensive result, that includes the net gain / (loss) on revaluations of financial instruments (which the Group holds to support its financial sustainability), was in a loss \$0.573m

(adjusted for the impact of the income tax expense change this would be a gain of \$0.459m) (2022: net loss of \$0.605m). The net profit after tax excluding the net loss from revaluations of financial instruments was a profit of 1.8m (2022: \$3.9m).

## 7. Significant changes in the state of affairs

There were no significant changes in the state of affairs other than those referred to in the financial statements or attached notes.

## 8. Matters subsequent to the end of the financial year

There are no circumstances which have arisen since 30 June 2023 that have significantly affected or may significantly affect the operations of the Group.

## 9. Likely developments and future results

Financial year 2024 is the last year of the Group's current three year strategy. In financial year 2024 the focus will be on continuing to progress the InTrust build to its conclusion. The Group will look to further enhance productivity through driving efficiency in internal processes, supported by our major technology changes but also through smaller incremental programs of work across all parts of the business. The development of the organisational strategy for financial years 2025 to 2027 will be pivotal in shaping the future of the Group and it is anticipated some foundational activities will commence in the upcoming financial year.

## 10. Indemnity and insurance of officers and auditors

During the financial year, the Group paid a premium under a contract insuring specified

officers against liability incurred in their capacity of working on the company's behalf. Those officers consist of the Directors of the Group named earlier in this report, the Company Secretary, and other Officers of the Group including certain officers whose functions include exercising executive decision-making powers of the Group and its related bodies corporate.

Disclosure of the nature of the liability and the amount of premium is prohibited by the confidentiality clause of the contract of insurance. The Group has not provided any insurance for an audit of the Group or related body corporate.

During or since the end of the financial year, except to the extent permitted by law. The Group has not indemnified or agreed to indemnify an officer or auditor of the company or of any related body corporate against a liability incurred as such an officer or auditor.

## 11. Reserve fund

The Group has complied with the provisions of the Trustee Companies Act 1984 that requires a reserve fund to be created and set aside by authorised trustee companies. This is reflected in the financial statements at Note 8.4.

## 12. Auditors' independence declaration

A copy of the auditors' independence declaration, as required under section 307C of the *Corporations Act 2001*, is set out on page 8.

## 13. Rounding amounts

The amounts contained within this report and the financial report have been rounded to the nearest \$1,000 (where rounding is applicable) under the option available to the Group under ASIC Corporations Instrument 2016/191. The Group is an entity to which this legislative instrument applies.

## 14. Environmental regulations

The Group's operations are not subject to any significant environmental regulations under a law of the Commonwealth or of a State of Victoria.

## 15. Proceedings on behalf of the Group

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or part of those proceedings.

This report is signed in accordance with a resolution of the Board of Directors.



**The Honourable Jennifer Acton  
Chair**



**Mark Toohey  
Director**

Melbourne, 31 August 2023



## B. Auditor-General's independence declaration

# VAGO

Victorian Auditor-General's Office

### Auditor-General's Independence Declaration

#### To the Directors, State Trustees Limited

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property and may report to Parliament matters which the Auditor-General considers appropriate.

#### Independence Declaration

As auditor for State Trustees Limited for the year ended 30 June 2023, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit
- no contraventions of any applicable code of professional conduct in relation to the audit.



Roberta Skiros

as delegate for the Auditor-General of Victoria

MELBOURNE  
26 September 2023

## C. Attestation for financial management compliance with Ministerial Standing Direction 5.1.4

I, Jennifer Acton, on behalf of the responsible body, certify that the Group has complied with the applicable Standing Directions of the Assistant Treasurer under the Financial Management Act 1994 and Instructions.



The Honourable Jennifer Acton  
Chair

## D. Consolidated Comprehensive Operating Statement

For the financial year ended 30 June 2023

Consolidated Entity	Notes	2023 \$'000	2022 \$'000
<b>Continuing operations</b>			
Commissions and fees	2.1	47,522	46,745
Revenue from Government	2.1	3,264	2,720
Government Grants	2.2	26,643	22,954
Other income	2.2	7,188	2,544
<b>Total Revenue and Income</b>		<b>84,617</b>	<b>74,963</b>
<b>Expenses from continuing operations</b>			
Employee benefits expense	3.1.1	61,015	51,673
Depreciation and amortisation expense	4.1.1	6,487	6,770
Lease rental charges – short term or low value leases (a)	3.1	124	86
Audit expenses	8.8	190	180
Finance costs - lease liabilities	3.1	1,154	1,245
Other expenses	3.1	12,662	11,586
<b>Total Expenses</b>		<b>81,632</b>	<b>71,540</b>
<b>Profit from continuing operations before income tax equivalent</b>		<b>2,985</b>	<b>3,423</b>
Income tax equivalent expense/(refund)	8.3.1	1,172	(469)
<b>Net Profit</b>		<b>1,813</b>	<b>3,892</b>
<b>Other economic flows included in net result:</b>			
Net gain / (loss) on non-financial assets (b)		(25)	-
Net gain / (loss) on financial instruments measured at fair value through profit or loss (c)		(2,361)	(4,497)
<b>Total Other Economic Flows - Other comprehensive income for the period, net of tax</b>		<b>(2,386)</b>	<b>(4,497)</b>
<b>Total Comprehensive Result</b>		<b>(573)</b>	<b>(605)</b>

The accompanying notes form part of these consolidated financial statements.

(a) In the current year's financial statements, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Lease rental charges – operating leases'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.

(b) 'Net gain/(loss) on non-financial assets' includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets.

(c) 'Net gain/(loss) on financial instruments measured at fair value through profit and loss'. Investments in managed schemes are revalued at each reporting date. Refer to Note 7.1.

## E. Consolidated Balance Sheet

As at 30 June 2023

Consolidated Entity	Notes	2023 \$'000	2022 \$'000
<b>ASSETS</b>			
<b>Financial assets</b>			
Cash and deposits	6.1	9,555	15,119
Restricted Cash (a)	6.1	46,681	62,033
Term Deposits	4.3	15,000	10,000
Investments and Other Financial Assets (a)	4.3	27,592	26,217
Contractual Receivables	5.1	6,950	6,616
Contract Assets	5.1	9,092	7,500
Advances to clients	5.1	2,275	2,018
<b>Total financial assets</b>		<b>117,145</b>	<b>129,503</b>
<b>Non-financial assets</b>			
Property, Plant and Equipment	4.1	8,993	11,481
Intangible Assets	4.2	3,075	1,869
Right-of-Use Assets	4.4.1	35,251	39,510
Prepayments		1,990	2,148
Deferred tax assets	8.3	5,266	6,437
Income Tax Receivable	8.3	566	-
<b>Total non-financial assets</b>		<b>55,141</b>	<b>61,445</b>
<b>Total assets</b>		<b>172,286</b>	<b>190,948</b>
<b>LIABILITIES</b>			
Contract Liabilities	5.2	136	301
Contractual Payables	5.2	3,627	2,851
Restricted Payables (a)	5.2	46,681	62,034
Statutory Payables	5.2	406	497
Leased Liabilities	4.4.2	39,713	43,388
Income Tax Payable	8.3	-	303
Employee entitlements	3.1.2	11,284	10,562
<b>Total liabilities</b>		<b>101,847</b>	<b>119,936</b>
<b>Net assets</b>		<b>71,439</b>	<b>71,012</b>
<b>EQUITY</b>			
Contributed equity	8.1	17,361	17,361
Reserves	8.4	22,062	21,046
Retained Profits		31,016	32,605
<b>Total equity</b>		<b>71,439</b>	<b>71,012</b>

The accompanying notes form part of these consolidated financial statements.

(a) In the current year's financial statements, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Financial assets at fair value through profit and loss'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.

(b) Restricted cash relating to Solar Homes Program (refer to note 5.2 and 6.1)

## F. Consolidated Cash Flow Statement

For the financial year ended 30 June 2023

	Notes	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Commissions and fees received		49,959	49,257
Funds received from Department of Energy, Environment and Climate Change (DEECA) <sup>(a)</sup>		75,718	139,475
Receipts from customers of Solar Homes Program <sup>(b)</sup>		54,197	44,898
Government grants received <sup>(c)</sup>		26,076	22,318
Corporate investment income		6,409	1,321
<b>Total receipts</b>		<b>212,359</b>	<b>257,269</b>
<b>Payments</b>			
Payments to suppliers and employees		(72,475)	(63,854)
Payments made to installers for Solar Homes Program <sup>(b)</sup>		(145,222)	(162,317)
Payments/(Refund) of income tax equivalent		(868)	95
Interest paid on lease liabilities		(1,154)	(1,245)
<b>Total payments</b>		<b>(219,719)</b>	<b>(227,321)</b>
<b>Net cash flows from/(used in) operating activities</b>	<b>6.1</b>	<b>(7,360)</b>	<b>29,948</b>
<b>Cash flows from investing activities</b>			
Proceeds from sale of property, plant, and equipment		51	2
Purchase of property, plant, and equipment		(1,196)	(1,978)
Proceeds from redemption of corporate investments		34,136	10,550
Payments for investment in corporate investments		(42,872)	(21,129)
<b>Net cash flows from/(used in) investing activities</b>		<b>(9,881)</b>	<b>(12,555)</b>
<b>Cash flows from financing activities</b>			
Principal portion on lease liabilities		(3,675)	(3,172)
<b>Net cash flows from/(used in) financing activities</b>		<b>(3,675)</b>	<b>(3,172)</b>
<b>Net increase / (decrease) in cash held</b>		<b>(20,916)</b>	<b>14,221</b>
Cash and cash equivalents at the start of the financial year		77,152	62,931
<b>Cash and cash equivalents at the end of the financial year</b>	<b>6.1</b>	<b>56,236</b>	<b>77,152</b>

The accompanying notes form part of these consolidated financial statements.

(a) Previously known as the Department of Environment, Land, Water and Planning (DELWP)

(b) Net movement of restricted cash relating to Solar Homes Program (see note 6.1).

(c) In the current year's financial statements, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Community Service Agreement income received'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.

## G. Consolidated Statement of Changes in Equity

For the financial year ended 30 June 2023

	Notes	Attributable to the Owners			Total \$'000
		Contributed Equity \$'000	Retained Profits \$'000	Reserve \$'000	
<b>Balance at 1 July 2021</b>		<b>17,361</b>	<b>32,777</b>	<b>20,413</b>	<b>70,551</b>
Net of tax effect of adoption of AASB 16 <i>Leases</i>		-	-	-	-
Profit for the year		-	3,892	-	3,892
Other comprehensive income		-	(4,497)	-	(4,497)
Dividends paid to Owners	8.12	-	-	-	-
Profits transferred to / (from) General Reserve	8.4	-	83	(83)	-
<b>As at 30 June 2022</b>		<b>17,361</b>	<b>32,605</b>	<b>21,046</b>	<b>71,012</b>
Balance at 1 July 2022		17,361	32,605	21,046	71,012
Profit for the year		-	1,813	-	1,813
Other comprehensive income		-	(2,386)	-	(2,386)
Dividends paid to Owners	8.12	-	-	-	-
Profits transferred to / (from) General Reserve	8.4	-	(1,016)	1,016	-
<b>As at 30 June 2023</b>		<b>17,361</b>	<b>31,016</b>	<b>22,062</b>	<b>70,439</b>

The accompanying notes form part of these consolidated financial statements.



## H. Notes to the Consolidated Financial Statements

### 1. About this Report

These annual financial statements represent the audited general-purpose financial reports for the Group for the year ended 30 June 2023. The purpose of this report is to provide users with information about the Group's stewardship of resources entrusted to it.

The Group is a state-owned company, which has been classified as a for profit entity. The Group is a company limited by shares, incorporated and domiciled in Australia with the State of Victoria as the sole shareholder. Its registered office and principal place of business is:

1 McNab Avenue  
Footscray, Victoria 3011

The nature of the operations and principal activities of the Group are described in the **Directors' Report of Operations**, which does not form part of these financial statements.

#### Basis of preparation

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements, except for the cash flow statement, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these

financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand (\$'000) dollars unless otherwise stated.

#### Compliance Information

These general-purpose financial statements have been prepared in accordance with the Financial Management Act 1994 (FMA) and *Corporations Act 2001* applicable Australian Accounting Standards (AASs), which include Interpretations, issued by the Australian Accounting Standards Board (AASB). In particular, they are presented in a manner consistent with the requirements of AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

#### Principles of consolidation

These are the consolidated financial statements for the parent and its subsidiary collectively referred to as the Group. The Balance sheet of the parent entity is disclosed in Note 8.6.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-group transactions have been eliminated in full.

Each subsidiary is fully consolidated from the date on which control is obtained by the Group and cease to be consolidated from the date on which control is transferred out of the Group.

### Australian Accounting Standards issued that are not yet effective

Certain new and revised accounting standards have been issued but are not effective for the 2022-23 reporting period. These accounting standards have not been applied to the Group's financial statements.

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on entity
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	AASB 2020-1 amended AASB 101 <i>Presentation of Financial Statements</i> to clarify requirements for the presentation of liabilities in the Balance sheet as current or non-current and was applicable to annual reporting periods beginning on or after 1 January 2022.	1 January 2023	The standard is not expected to have a significant impact on the Company
AASB 2022-6 Amendments to Australian Accounting Standards – Non-current Liabilities with Covenants	AASB 2020-6 subsequently amended AASB 2020-1, deferring the mandatory effective date of AASB 2020-1 from 1 January 2022 to 1 January 2023. AASB 2022-6 was applicable for annual reporting periods beginning on or after 1 January 2022.		
	AASB 2022-6 amends and clarifies the requirements contained in AASB 2020-1. Among other things, it: <ul style="list-style-type: none"> <li>clarifies that only those covenants that an entity must comply with at or before the reporting date affect a liability's classification as current or noncurrent; and</li> <li>requires additional disclosures for non-current liabilities that are subject to an entity complying with covenants within twelve months after the reporting date.</li> </ul>		

## 2. Funding Delivery of Our Services

### Introduction

The Group's overall purpose is to help people plan, manage and live on through every stage of life. Its principal activities during the year were acting as trustee, executor, financial administrator, attorney and provider of other fiduciary and agency services. It charges commissions and fees for services provided and receives funding from the State of Victoria under a service agreement.

### 2.1. Summary of Revenue from Service Delivery

	2023 \$'000	2022 \$'000
<b>Revenue from contracts with customers</b>		
- Commissions and fees	47,522	46,745
- Revenue from Government	3,264	2,720
<b>Total Revenue</b>	<b>50,786</b>	<b>49,465</b>
<b>Timing of revenue recognition - overtime</b>		
Commissions and fees		
- Capital commissions - Deceased Estates	10,522	10,280
- Professional Services (Legal)	1,118	1,053
<b>Total revenue recognised overtime</b>	<b>11,640</b>	<b>11,333</b>
<b>Timing of revenue recognition - point-in-time</b>		
Commissions and fees		
- Capital commissions - PFAs, EPAs and Trusts	5,316	5,403
- Income commissions	10,693	9,864
- Management fees	11,306	10,672
- Professional Services (Non-Legal)	7,856	8,758
- VCAT exam	711	715
<b>Total commissions and fees</b>	<b>35,882</b>	<b>35,412</b>
Revenue from Government - HomesVic	548	441
Revenue from Government - Solar Homes	2,716	2,279
<b>Total revenue recognised at a point-in-time</b>	<b>39,146</b>	<b>38,132</b>
<b>Total Revenue</b>	<b>50,786</b>	<b>49,465</b>

### Revenue recognition

The Group's source of revenue from service delivery arises through the provision of the following services:

- Personal Financial Administration Services (PFA) where the Group is appointed by the Victorian Civil and Administrative Tribunal (VCAT) by the way of VCAT Order;
- Enduring Power of Attorney (EPA);
- Deceased Estate Administration as well as acting as an executor of last resort;
- Trust Administration; and
- Various professional services such as tax consulting, conveyancing, EPA or Will preparation, legal services, genealogy services and financial planning.

Under AASB 15, the Group recognises revenue when or as the performance obligation specified in a contract with a customer is satisfied i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Revenue is recognised at a point-in-time or over time depending upon the satisfaction of performance obligations. Please refer below for further details.

Information on the Group's revenue recognition policies and performance obligations are summarised below:

#### Commissions and Fees

Commissions and fees are charged pursuant to the published schedule of fees. The type of commissions and fees earned are:

#### (a) Capital Commission - PFA, EPA and Trust

The Group earns capital commission from disposal of financial assets and non-financial assets for PFA, EPA and Trust clients which is recognised at a point-in-time.

For Trust clients, the Group earns capital commission from redemption and onboarding of client assets. The performance obligation to

dispose of financial assets and non-financial assets is satisfied when clients assets are disposed.

The commission to be received is considered to be variable and subject to constraining estimates given the unknown nature of the above performance obligations at inception of the contract, as the commission is dependent upon the prevailing market conditions at the time of sale.

#### (b) Capital Commission – Deceased Estates

Capital commission is earned for managing the deceased estates. The performance obligation is satisfied over time from when administration commences through to when the estate is wound up. Commission is accrued over the estate service period. Income is recognised on a proportionate basis, during the estate service period based on work performed in line with the defined milestones that result in the settlement of the estate. Our benchmarks for this are 31 weeks for a low value estate to 39 weeks for a standard/complex estate. The time taken to administer an estate can vary due to legal or other circumstances.

The fees and charges vary due to the estimates used for estate values and commission rates through the estate service period. Variation to commission rate is treated as a reduction to sales revenue. Revenue is recognised over time as performance obligations are satisfied. When milestones are achieved, a contract asset is taken up in the Balance sheet to reflect the satisfaction of the milestone (note 5.1). A liability is taken up when considerations have been received but milestones have not been fully achieved (note 5.2). Refer to note 5.2 for unsatisfied performance obligations pertaining to capital commission for deceased estates as at 30 June 2023.

**(c) Income Commission and Management Fees**

This commission and fees specifically relate to the Group's effort to perform administrative duties for the client. The performance obligation is satisfied each time a service is performed on behalf of the client and is recognised monthly in arrears.

For property sales commission income, the performance obligation is satisfied when the client's property is sold. The Group recognises commission income as revenue when the performance obligation is satisfied. Contract asset in relation to the sales commission is recognised on client properties sold but not settled at reporting date.

**(d) Professional Services Fees**

The performance obligation for professional services is either satisfied at a point-in-time i.e. upon completion of tax returns or over a period of time for legal work for legal services performed over a long period of time.

**(e) VCAT Exam Fees**

The Victorian Civil and Administrative Tribunal (VCAT) appoints the Group to examine the accounts by administrators. VCAT Exam Fees are recognised upon completion of VCAT examinations conducted.

Contract assets and contracts liabilities are disclosed in Note 5.3.

**Revenue from Government**

The Group receives government grants from the Department of Treasury and Finance (DTF) for administering the HomesVic shared equity scheme and from for administering the Solar Homes Program.

The Group has adopted AASB 15 *Revenue from Contracts with Customers* for the HomesVic and Solar Homes revenue stream. Income is recognised based on cost incurred which represents satisfaction of our performance obligation to administer the HomesVic Program to our clients and revenue earned from implementation of the Solar Homes Program.

**2.2. Government Subsidy and Other Income**

	Notes	2023 \$'000	2022 \$'000
<b>Income</b>			
- Government Grant		26,643	22,954
<b>Total Government Grant</b>		<b>26,643</b>	<b>22,954</b>
<b>Other Income</b>			
- Interest received		1,841	175
- Distributions from managed investments (a)		4,259	1,005
- Rental income		1,088	1,364
<b>Total Other Income</b>		<b>7,188</b>	<b>2,544</b>

(a) The distributions amounts include a one-off distribution amount as a result of the crystallisation of gains upon the transition to Mercer as the Group's new investment manager.

**Government Grant**

Community Service Agreement (CSA) income is not within the scope of AASB 15 *Revenue from Contracts with Customers*. The Group applies AASB 120 Accounting for Government Grants and Disclosure of Government Assistance to recognise funding received from government. The Group receives government funding from the State of Victoria under the CSA. This funding is provided to the Group to provide financial services management to the community as defined in the agreement. CSA income is recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

**Interest Revenue**

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate. This rate discounts the estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

**Dividends and Trust Distributions**

Dividends and trust distributions are recognised when the right to receive the payment is established.

**Rental Income**

This income is recognised by the Group on a monthly basis for subleasing the office space in Footscray. The Footscray office lease is disclosed as Right-of-Use Assets in accordance with AASB 16 Leases (Note 4.4.1).



## 3. The Cost of Delivering Services

### Introduction

This note provides an account of the expenses incurred by the Group in delivery services and outputs. In Note 2, the funds that enable the provision of services was disclosed and in this note the cost associated with the provision of services are recorded.

### 3.1. Expenses Incurred in the Delivery of Services

	Notes	2023 \$'000	2022 \$'000
Employee benefits expense	3.1.1	61,015	51,673
Lease rental charges - short term		124	86
Audit expenses		190	180
Finance Costs – Lease Liabilities		1,154	1,245
Other operating expenses		12,662	11,586
<b>Total Expenses</b>		<b>75,145</b>	<b>64,770</b>
<b>Other operating expenses</b>			
- Corporate		3,887	3,199
- Building and office		3,068	3,290
- Marketing and advertising		1,088	989
- Information system		4,462	4,028
- Travel and motor vehicle		157	80
<b>Total Other Operating Expenses</b>		<b>12,662</b>	<b>11,586</b>

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts expense from transactions that are mutually agreed.

**Supplies and services** are recognised as an expense in the reporting period in which they are incurred.

**Lease rental charges – short term** consists of lease payments for low value leases and short-term lease (note 4.4.2).

### 3.1.1. Employee Benefits in the Comprehensive Operating Statement

	2023 \$'000	2022 \$'000
Superannuation expense	4,928	4,328
Death and Disability insurance	85	58
Termination benefits	555	277
Salaries and wages, annual leave and long service leave	55,447	47,010
<b>Total employee benefits</b>	<b>61,015</b>	<b>51,673</b>

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums. The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of superannuation plans that are paid or payable during the reporting period. Contributions to superannuation have been made in accordance with applicable legislation.

Termination benefits are payable when employment is terminated before normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when the entity is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

### 3.1.2. Employee Benefits

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave (LSL) for services rendered to the reporting date and recorded as an expense during the period the services are delivered.

	2023 \$'000	2022 \$'000
<b>Current Provisions</b>		
<b>Annual leave</b>		
Unconditional and expected to settle within 12 months	2,904	2,743
Unconditional and expected to settle after 12 months	1,003	1,056
<b>Long Service Leave</b>		
Unconditional and expected to settle within 12 months	574	793
Unconditional and expected to settle after 12 months	4,074	3,717
<b>Provisions for on-costs</b>		
Unconditional and expected to settle within 12 months	725	525
Unconditional and expected to settle after 12 months	921	785
<b>Total Current Provisions for Employee entitlements</b>	<b>10,201</b>	<b>9,619</b>
<b>Non-current Provisions</b>		
Employee entitlements (Long service leave)	923	807
On-costs (Long service leave)	160	136
<b>Total Non-Current Provisions for Employee entitlements</b>	<b>1,083</b>	<b>943</b>
<b>Total Provisions for Employee entitlements</b>	<b>11,284</b>	<b>10,562</b>

#### Wages and salaries, annual leave and sick leave:

Liabilities for wages and salaries (including non-monetary benefits and annual leave) are recognised as part of the employee benefit provision as current liabilities, because the entity does not have an unconditional right to defer settlements of these liabilities.

The liability for salaries and wages are recognised in the Balance sheet at remuneration rates which are current at the reporting date. As the entity expects the liabilities to be wholly settled within 12 months of reporting date, they are measured at undiscounted amounts.

The annual leave liability is classified as a current liability and measured at the undiscounted amount expected to be paid, as the entity does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

**Unconditional LSL** is disclosed as a current liability, even where the entity does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current LSL liability are measured at:

- undiscounted value: if the entity expects to wholly settle within 12 months; or
- present value: if the entity does not expect to wholly settle within 12 months.

**Conditional LSL** is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL is measured at present value. Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an 'other economic flow' in the net result.

## 4. Key Assets available to support Service Delivery

The Group controls assets and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the resources to be utilised for delivery of its services.

### 4.1. Total Property, Plant and Equipment

\$'000	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2023	2022	2023	2022	2023	2022
Leasehold Improvements	15,115	15,111	(9,006)	(8,254)	6,109	6,857
Furniture & Fittings	3,484	3,512	(2,185)	(1,965)	1,299	1,547
Computer & Office Equipment	6,401	6,830	(5,405)	(5,865)	996	965
Motor Vehicles	338	338	(338)	(324)	-	14
Work in Progress	589	2,098	-	-	589	2,098
<b>Total</b>	<b>25,927</b>	<b>27,889</b>	<b>(16,934)</b>	<b>(16,408)</b>	<b>8,993</b>	<b>11,481</b>

**Initial recognition:** Items of property, plant and equipment, are measured initially at cost. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvements is capitalised and depreciated over the shorter of the remaining term of the lease or their estimated useful lives.

**Subsequent measurement:** Property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset).

Fair value for plant and equipment that are specialised in nature (such that it is rarely sold other than as part of a going concern) is determined using the depreciated replacement cost method.

### 4.1.1. Depreciation, Amortisation and Impairment

	Notes	2023 \$'000	2022 \$'000
<b>Charge for the period</b>			
- Leasehold improvements		754	766
- Furniture and fittings		234	243
- Computer and office equipment		708	727
- Motor vehicles		14	37
- Right-of-use assets	4.4.2	4,259	4,259
<b>Total Depreciation Expense</b>		<b>5,969</b>	<b>6,032</b>
<b>Amortisation</b>			
- System development		11	6
- Intangibles		507	732
<b>Total Amortisation Expense</b>		<b>518</b>	<b>738</b>
<b>Total Charge for the Period</b>		<b>6,487</b>	<b>6,770</b>

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets that have finite useful lives, are depreciated. Depreciation is generally calculated on a straight-line basis, at rates that allocate the asset's value, less any estimated residual value, over its estimated useful life. Depreciation and amortisation are calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

Category	2023	2022
Leasehold improvements	10-20 years	10-20 years
Right of use assets <sup>(a)</sup>	12-20 years	12-20 years
Furniture and fittings	5-20 years	5-20 years
Computers	2-4 years	2-4 years
AV Equipment	10 years	10 years
Office equipment	5-7 years	5-7 years
Telephone system	5 years	5 years
System development (non Stratis)		
- Hardware	4 years	4 years
- Software	3-7 years	3-7 years
Motor vehicles	4 years	4 years
Intangibles	3-7 years	3-7 years

(a) Previously noted as 'Leased assets'



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

**Impairment:** Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired. The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that asset.

If there is an indication that there has been a reversal in impairment, the carrying amount shall be increased to its recoverable amount.

However, this reversal should not increase the asset's carrying amount above what would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

Management has reviewed the cash flows of the Group used to measure the value of the non-financial assets for impairment assessment including the Level 13 sublease arrangement. There is no indication of impairment (see Note 8.9.3).

#### 4.1.2. Reconciliation of movements in carrying amount of Property, Plant and Equipment (PPE)

\$'000	Leasehold Improvements		Furniture & Fittings		Computer & Office equipment		Motor Vehicles		Work in progress (WIP)		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
<b>Opening Value</b>	<b>6,857</b>	<b>7,601</b>	<b>1,547</b>	<b>1,785</b>	<b>965</b>	<b>1,568</b>	<b>14</b>	<b>52</b>	<b>2,098</b>	<b>1,260</b>	<b>11,481</b>	<b>12,266</b>
Additions	-	-	-	-	-	-	-	-	1,222	1,978	1,222	1,978
Disposals	(3)	(2)	(28)	-	(1,170)	(912)	-	-	(26)	(2)	(1,227)	(916)
Accumulated depreciation on disposals	2	-	14	-	1,165	911	-	-	-	-	1,181	911
Capitalisation of assets	7	25	-	5	744	125	-	-	(749)	(153)	2	2
Transfers of intangible assets	-	-	-	-	-	-	-	-	(1,735)	(985)	(1,735)	(985)
Transfer to other operating expenses	-	-	-	-	-	-	-	-	(221)	-	(221)	-
Depreciation	(754)	(767)	(234)	(243)	(708)	(727)	(14)	(38)	-	-	(1,710)	(1,775)
<b>Closing Balance</b>	<b>6,109</b>	<b>6,857</b>	<b>1,299</b>	<b>1,547</b>	<b>996</b>	<b>965</b>	<b>-</b>	<b>14</b>	<b>589</b>	<b>2,098</b>	<b>8,993</b>	<b>11,481</b>

## 4.2. Intangible Assets

\$'000	System Development		Computer Software		Total	
	2023	2022	2023	2022	2023	2022
<b>Gross carrying amount</b>						
<b>Opening balance</b>	<b>76</b>	<b>1,047</b>	<b>7,572</b>	<b>9,781</b>	<b>7,648</b>	<b>10,828</b>
Disposals at Cost	(20)	(971)	(30)	(3,194)	(50)	(4,165)
Capitalisation of Assets	36	-	1,699	985	1,735	985
<b>Closing Balance</b>	<b>92</b>	<b>76</b>	<b>9,241</b>	<b>7,572</b>	<b>9,333</b>	<b>7,648</b>
<b>Accumulated amortisation and impairment</b>						
<b>Opening balance</b>	<b>(61)</b>	<b>(1,027)</b>	<b>(5,719)</b>	<b>(8,181)</b>	<b>(5,780)</b>	<b>(9,208)</b>
Amortisation for the year	(11)	(5)	(507)	(732)	(518)	(737)
Accumulated Amortisation on Disposals	14	971	26	3,194	40	4,165
<b>Closing Balance</b>	<b>(58)</b>	<b>(61)</b>	<b>(6,200)</b>	<b>(5,719)</b>	<b>(6,258)</b>	<b>(5,780)</b>
<b>Net Book Value at end of financial year</b>	<b>34</b>	<b>15</b>	<b>3,041</b>	<b>1,853</b>	<b>3,075</b>	<b>1,868</b>

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the entity.

Amortisation is calculated on a straight-line basis over the estimated useful life of 3-7 years. When the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

#### Impairment of Intangible Assets

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are tested for impairment whenever an indication of impairment is identified. The policy in connection with testing for impairment is outlined in section 4.1.1.

### 4.3. Investments and Other Financial Assets

	2023 \$'000	2022 \$'000
<b>Current Investments and Other Financial Assets</b>		
<b>Financial Assets at Fair Value through Profit &amp; Loss <sup>(a)</sup></b>		
> Fixed Income	14,852	13,070
> Australian Equity Fund	9,061	9,683
> International Equity Fund	3,679	3,464
<b>Total Financial Assets at Fair Value through Profit &amp; Loss <sup>(b)</sup></b>	<b>27,592</b>	<b>26,217</b>
Australian currency term deposits > three months <sup>(c)</sup>	15,000	10,000
<b>Total Current Investments and Other Financial Assets</b>	<b>42,592</b>	<b>36,217</b>

Notes:

(a) The Group's investments are held in managed investments funds across a diversified set of asset classes. Prior to financial year 2023 the investments were in the Group's InveST funds, and in this financial year the investments have transitioned to be invested directly in Mercer (investment manager) managed funds. The underlying nature of the asset classes has not changed from the investments prior to the transition to Mercer.

(b) The Group classifies these Investments at Fair value through Profit & Loss (FVPL) and have elected not to recognise them at Fair value through Other Comprehensive Income (OCI). Refer to Note 7.1 for further information on this classification methodology.

(c) Term deposits include only term deposits with an original maturity of 90 days or greater.

Refer to Note 7 for information about the methods and assumptions used in determining fair value as well as price risk exposure.

### 4.4. Leases

#### Initial measurement

The Group recognises a right of use asset and a lease liability at the commencement date. The right of use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- Any lease payments made at or before the commencement date less any incentives received; plus
- Any initial direct costs incurred; and
- An estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

#### Subsequent measurement

The Group depreciates the right of use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right of use asset or the end of the lease term.

The right of use assets are also subject to revaluation. Right of use assets are periodically reduced by impairment loss, if any and adjusted for certain remeasurement of the lease liability.

#### 4.4.1. Right-of-Use Assets

The Group has lease contracts for offices and other equipment used in its operations.

Right-of-Use Assets are related to office space leases for Footscray, Bendigo and Dandenong offices. The lease terms for offices are generally between 10 to 20 years, while other equipment lease is generally for 4 years.

Notes	2023 \$'000	2022 \$'000
<b>As at 1 July 2022</b>	39,510	43,769
Depreciation expense	(4,259)	(4,259)
<b>As at 30 June 2023</b>	<b>35,251</b>	<b>39,510</b>

The Group generates rental income for subleasing one of the floors under the Footscray office lease which has been recognised as right-of-use assets (see note 2.2).

#### 4.4.2. Leased Liabilities

Set out below are the carrying amounts of lease liabilities movements during the period:

	Notes	2023 \$'000	2022 \$'000
<b>As at 1 July</b>		43,388	46,560
Additions		-	-
Finance costs-Lease liabilities	3.1	1,154	1,245
Payments		(4,829)	(4,417)
<b>As at 30 June</b>		<b>39,713</b>	<b>43,388</b>
- Current Leased Liabilities		3,590	3,660
- Non-Current Leased Liabilities		36,123	39,728
<b>Total Leased Liabilities</b>		<b>39,713</b>	<b>43,388</b>

The commitments on all office leases and computer equipment lease have been disclosed in Note 6.2.

The following amounts are recognised in the profit or loss:

	Notes	2023 \$'000	2022 \$'000
Depreciation expense on right-of-use assets		4,259	4,259
Finance costs-Lease liabilities	3.1	1,154	1,245
Expense relating to short-term leases and leases of low-value assets		481	408
<b>Total amount recognised in profit or loss</b>		<b>5,894</b>	<b>5,912</b>

The Group has a cash outflow for leases of \$4.8m (2022: \$4.4m). This has been disclosed in the cash flow statement.

## 5. Other Assets and Liabilities

### 5.1. Contractual Receivables, Contract Assets and Advances to clients

	Notes	2023 \$'000	2022 \$'000
<b>Contractual</b>			
Trade Receivables		6,244	5,338
Expected Credit Loss		(255)	(244)
Accrued income		961	1,522
<b>Total Contractual Receivables</b>		<b>6,950</b>	<b>6,616</b>
Contract Assets	5.3	9,092	7,500
<b>Total Contract Assets</b>		<b>9,092</b>	<b>7,500</b>
<b>Advances to clients</b>			
Advances to clients		2,275	2,275
Expected Credit Loss		-	(257)
<b>Total Current Receivables</b>		<b>2,275</b>	<b>2,018</b>
<b>Represented by</b>			
<b>Current receivables and contract assets</b>		<b>18,317</b>	<b>16,134</b>

**Trade receivables** are measured based on transaction price defined in AASB 15. These are due from clients for services rendered in the ordinary course of the business. They are generally due for settlement within 30 days and are all classified as current. The Group holds trade receivables with the objective to collect contractual cash flows and therefore, measure them subsequently at amortised costs using effective interest method. At inception, trade receivables do not have significant financial components. Based on AASB 9, the Group has adopted expected credit losses to determine the 'Allowance for expected credit losses' balance. Changes in the trade receivables are disclosed below while the information about the credit exposures are disclosed in Note 7.1.3.

**Contract assets** represents accrued income for deceased estates. Revenue and Contract assets are recognised based on "Approved

Plan of Management". The transaction price is determined based on a percentage of capital commission on the value of the estate, that will be realised throughout the execution of the will. The estimate is updated throughout the wind up of the estate as more information becomes available. Management is unable to estimate when the remaining unsatisfied performance obligations will be satisfied as further actions such as legal related issues are awaiting to be finalised with outstanding liabilities to be settled. There are no significant changes to capital commissions accrual during the reporting period.

**Other receivables:** Advances to clients are classified as financial instruments and categorised as 'amortised cost' which is subject to an approval process prior to issue. Advances to clients are periodically reviewed for impairment on an annual basis. No allowance has been recognised for the period ending 30 June 2023.



	2023 \$'000	2022 \$'000
<b>Expected Credit Loss - Contractual Receivables</b>		
<b>Balance at beginning of year</b>	<b>(244)</b>	<b>(288)</b>
Decrease/(Increase) in provision recognised in the net result	(11)	44
Provision written off during the year	-	-
<b>Balance at end of the year</b>	<b>(255)</b>	<b>(244)</b>
<b>Expected Credit Loss - Advances to Clients</b>		
<b>Balance at beginning of year</b>	<b>(257)</b>	<b>(203)</b>
Decrease/(Increase) in provision recognised in the net result	257	(54)
Provision written off during the year	-	-
<b>Balance at end of the year</b>	<b>-</b>	<b>(257)</b>
<b>Total Allowance for Provision</b>	<b>(255)</b>	<b>(501)</b>

#### Fair value of trade receivables

Due to the short-term nature of current receivables, the carrying value is considered the same as their fair value.

#### Expected Credit Loss

Receivables are assessed for bad and doubtful debts on a monthly basis at an operating unit level. A provision for expected credit losses (provision for impairment) is recognised based on the expected credit losses allowed by AASB 9 *Financial Instruments*. Bad debts are written off when the Group is unable to collect the receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by AASB 9, which permits the use of the lifetime expected loss provision for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on fee types and days past due. The loss allowance provision as at 30 June 2023 is determined as follows, the expected credit losses incorporate forward looking information.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

At year end, the Group has individually assessed the recoverability of trade receivables outstanding and have specifically provided for doubtful debts.

2023	Current	< 30 days overdue	< 90 days overdue	> 90 days overdue	Total
Gross carrying amount (\$)	13,250	769	1,168	2,425	17,611
Specific Provision	-	-	-	-	-
<b>Adjusted Gross Carrying Amount (\$)</b>	<b>13,250</b>	<b>769</b>	<b>1,168</b>	<b>2,425</b>	<b>17,611</b>
Expected credit loss provision	-	-	(6)	(249)	(255)
<i>Expected credit loss %</i>	0%	0%	(0%)	(10%)	(1%)
<b>Total Provision</b>	<b>-</b>	<b>-</b>	<b>(6)</b>	<b>(249)</b>	<b>(255)</b>
<b>2022</b>					
Gross carrying amount (\$)	11,378	920	786	2,029	15,113
Specific Provision	-	-	-	(17)	(17)
<b>Adjusted Gross Carrying Amount (\$)</b>	<b>11,378</b>	<b>920</b>	<b>786</b>	<b>2,012</b>	<b>15,096</b>
Expected credit loss provision	-	-	(15)	(470)	(485)
<i>Expected credit loss %</i>	0%	0%	(2%)	(23%)	(3%)
<b>Total Provision</b>	<b>-</b>	<b>-</b>	<b>(15)</b>	<b>(487)</b>	<b>(501)</b>

Other balances within receivables do not contain impaired assets and are not past due. It is expected that these other balances will be received when due. The receivables will be realised when the business finalises the relevant client files. The majority of these relate to Deceased Estates products which are still open but are waiting on further actions (which include legal related issues) to be finalised with outstanding liabilities to be settled. Refer to Note 7.1.

## 5.2. Contractual Payables, Restricted Payables, Statutory Payables and Contract Liabilities

	2023 \$'000	2022 \$'000
<b>Contractual Payables</b>		
Trade Creditors	894	4
Accrued Expenses - Staffing Costs	488	416
Other Payables	2,245	2,431
<b>Total Contractual Payables</b>	<b>3,627</b>	<b>2,851</b>
Restricted Cash Solar Homes	46,681	62,034
<b>Total Restricted Payables</b>	<b>46,681</b>	<b>64,885</b>
Net GST Payable	406	497
<b>Total Statutory Payables</b>	<b>406</b>	<b>497</b>
<b>Represented by</b>		
<b>Total Contractual and Statutory Payables</b>	<b>50,714</b>	<b>65,382</b>
<b>Contract Liabilities</b>	<b>5.3</b>	<b>136</b>
	<b>136</b>	<b>301</b>

Payables consist of:

**Contractual payables:** Trade and other payables are carried at amortised cost and due to their short-term nature, they are not discounted.

They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

No interest is charged on payables unless the Group is in breach of our contractual agreements. Terms and conditions vary according to contractual agreements with that creditor.

**Restricted payables:** Restricted Cash Solar Homes is cash held in trust for the Solar Homes Program. This fund will be returned to DEECA upon completion or termination of this Program.

**Statutory payables** are recognised and measured similarly to contractual payables, are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

**Contract liabilities:** Consists of unearned income from deceased estates, HomesVic and office space sublease.

## Maturity Analysis of Contractual Payables

Carrying amount	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
2023 Consolidated	50,308	50,308	50,308	-	-	-
2022 Consolidated	64,885	64,885	64,885	-	-	-

Note: Maturity analysis is presented using the contractual undiscounted cashflows. Refer to Note 7.1.

## 5.3. Contract Assets and Liabilities

The Group has recognised the following assets and liabilities related to contracts with customers:

	Notes	2023 \$'000	2022 \$'000
<b>Contract Assets as at 1 July</b>		<b>7,500</b>	<b>6,880</b>
New contract assets entered during the year		15,130	13,360
Performance obligations satisfied during the year related to current year		(10,536)	(9,703)
Performance obligations satisfied during the year related to prior periods		(3,002)	(3,037)
<b>Total Contract Assets</b>		<b>9,092</b>	<b>7,500</b>
	Notes	2023 \$'000	2022 \$'000
<b>Contract Liabilities as at 1 July</b>		<b>301</b>	<b>489</b>
New contract liabilities entered during the year		1,775	2,292
Performance obligations satisfied during the year related to current year		(1,650)	(2,270)
Performance obligations satisfied during the year related to prior periods		(290)	(210)
<b>Total Contract Liabilities</b>		<b>136</b>	<b>301</b>

## 6. How We Financed Our Operations

### Introduction

This section includes disclosures of balances that are financial instruments such as cash balances. Note 7.1 provides additional, specific financial instruments disclosures.

### 6.1. Cashflow Information and Balances

#### Cash and cash equivalents

**Cash and deposits** recognised on the Balance sheet comprise cash on hand and cash at bank, deposits at call and those highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, and which are readily convertible to known amounts of cash with an insignificant risk of changes in value.

**Restricted cash** relates to the Solar Homes Program initiative between the Group and DEECA. In June 2019, DEECA (previously known as DELWP) engaged the Group as Program Administrator of this Program. Under this Program, the Group facilitates payment from DEECA to solar panels installers and receives direct debits payments from customers of Solar Homes into this Trust account.

	Note	2023 \$'000	2022 \$'000
Cash and deposits		9,555	15,119
Restricted cash		46,681	62,033
<b>Total Cash and cash equivalents</b>		<b>56,236</b>	<b>77,152</b>

### Reconciliation of Net Result for the period to Cashflow from Operating activities

	Notes	2023 \$'000	2022 \$'000
<b>Net result after Income Tax for the period</b>		<b>(573)</b>	<b>1,066</b>
<b>Non-cash movements</b>			
(Gain)/loss on sale of Property, Plant & Equipment		(25)	-
Depreciation and Amortisation Expense		6,487	6,770
Provision for Doubtful Debts		10	(44)
Unrealised Loss/(Gain) on Corporate Investments		2,361	4,497
<b>Movements in Assets and Liabilities</b>			
Decrease/(increase) in Income Tax equivalent		(869)	1,239
Decrease/(increase) in Deferred Taxes		1,171	(1,612)
Increase/(decrease) in Employee Entitlements <sup>(a)</sup>		785	249
Decrease/(increase) in Trade and Other Receivables		(2,456)	(2,208)
Decrease/(increase) in Prepayments and Other Assets <sup>(b)</sup>		514	9
Increase/(decrease) in Trade and Other Payables <sup>(c)</sup>		(14,766)	21,654
<b>Net Cash Inflow from/(used in) Operating activities</b>		<b>(7,360)</b>	<b>29,948</b>

(a) Movement includes Accrued Expenses – Staffing costs as per Note 5.2

(b) Movements relating to Other Assets includes Accrued income as per Note 5.1

(c) Movement includes the Restricted Payables amount relating to the Solar Homes Program.

### 6.2. Commitments for Expenditures

Commitments for future expenditure include operating expenditure commitments arising from contracts.

	2023 \$'000	2022 \$'000
<b>Operating expenditure contracted for is payable as follows</b>		
Not later than one year	475	420
Later than one year but not later than five years	162	535
Later than five years	-	-
<b>Operating expenditure commitments</b>	<b>637</b>	<b>955</b>



## 7. Risks, Contingencies and Valuation Judgements

The Group is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, including exposures to financial risks as well as those items that are contingent in nature or require a higher level of judgement to be applied, which related mainly to fair value determination.

### 7.1. Financial Instruments Specific Disclosures

#### Introduction

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. AASB 9 *Financial Instruments* requires the Group to consider the classification for all debt instruments, derivative instruments and equity instruments. The Group does not have any derivative instruments.

Financial liabilities follow a much simpler classification process. The Group's financial liabilities are measured at amortised cost unless the Group elects to measure a financial liability at fair value through profit or loss.

#### Classification of financial instruments

The Group's principal financial instruments include and are categorised as outlined in Table 7.1.1:

- cash and deposits;
- contractual receivables (excluding statutory receivables);
- term deposits;
- investments in managed funds;
- advances to clients; and
- contractual payables.

#### Classification and measurement of financial assets

All recognised financial assets that are within the scope of AASB 9 are required to be subsequently measured at amortised cost or fair value on the basis of the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Specifically:

- Fair Value Through Profit and Loss - Debt investments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured.
- Amortised Cost - Debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured.
- Equity investments are subsequently measured at Fair Value Through Profit or Loss (FVTPL). The Group's investment in managed funds were classified as investments at FVPTL. Managed funds would not pass the 'solely of payments of principal and interest on the principal amount outstanding' test (SPPI) as they are subject to performance movements.
- Debt instruments that are measured at amortised cost are subject to impairment

assessment. The Group provides advances to clients which is measured at amortised cost and subject to impairment assessment (see Note 5.1). Advances to clients is held within a business model whose objective is to collect the contractual cash flows, and that contractual cash flows are 'solely of payments of principal and interest on the principal amount outstanding'.

**Derecognition of financial liabilities:** A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

**Measurement and recognition of expected credit losses:** The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guaranteed contracts, the exposure includes the amount drawn down as at reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the

cash flows that the entity expects to receive, discounted at the original effective interest rate.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime expected credit losses in the previous reporting period but determines at the current reporting date that the conditions for lifetime expected credit losses are no longer met, the Group measures the loss allowances at the amount equal to 12-month expected credit losses at the current reporting date, except for assets for which simplified approach was used.

The Group recognises an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Refer to Note 5.1 for allowances for expected credit losses for trade receivables. The Group recognises \$255k (2022: \$501k) loss allowance for expected credit losses on trade receivables and advances to clients. Contracts assets are not impaired and is expected to be fully recoverable.

**Derecognition of financial assets:** The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Reclassification of financial instruments: Subsequent to initial recognition reclassification of financial assets and liabilities is not permitted.

### 7.1.1. Financial Instruments Categorisation

2023 \$000	Cash and deposits	Financial assets designated at fair value through profit/loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<b>Contractual Financial assets <sup>(a)</sup></b>					
Cash and deposits	56,236	-	-	-	56,236
Receivables <sup>(b)</sup>	-	-	6,950	-	6,950
Advances to clients	-	-	2,275	-	2,275
Term deposits	-	-	15,000	-	15,000
Investments designated at fair value through profit and loss <sup>(c)</sup>	-	27,592	-	-	27,592
<b>Total Contractual Financial Assets</b>	<b>56,236</b>	<b>27,592</b>	<b>24,225</b>	<b>-</b>	<b>108,053</b>
<b>Contractual Financial Liabilities</b>					
Contractual payables	-	-	-	50,308	50,308
<b>Total Contractual Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,308</b>	<b>50,308</b>

2022 \$000	Cash and deposits	Financial assets designated at fair value through profit/loss	Financial assets at amortised cost	Financial liabilities at amortised cost	Total
<b>Contractual Financial assets</b>					
Cash and deposits	77,152	-	-	-	77,152
Receivables <sup>(b)</sup>	-	-	6,616	-	6,616
Advances to clients	-	-	2,018	-	2,018
Term Deposits	-	-	10,000	-	10,000
Investments designated at fair value through profit and loss <sup>(c)</sup>	-	26,217	-	-	26,217
<b>Total Contractual Financial Assets</b>	<b>77,152</b>	<b>26,217</b>	<b>18,634</b>	<b>-</b>	<b>122,003</b>
<b>Contractual Financial Liabilities</b>					
Contractual payables	-	-	-	64,885	64,885
<b>Total Contractual Financial Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,885</b>	<b>64,885</b>

Note:

(a) Contract assets, contract liabilities and lease liabilities are not considered financial instruments, hence have been excluded as part of Note 7.

(b) The total amounts disclosed here exclude statutory amounts (e.g. GST input tax credit recoverable and taxes payable).

(c) In the current year's financial statement, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Financial assets designated at fair value through profit and loss'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.

### 7.1.2. Financial Instruments - Net Holding Gain / (Loss) by category

2023 \$000	Net holding gain / (loss)	Total interest income / (expense)	Total fee income / (expense)	Total
<b>Contractual Financial Assets</b>				
Investments designated at fair value through profit and loss <sup>(a)</sup>	(2,361)	-	4,249	1,898
Financial assets at amortised cost	-	1,841	-	1,841
<b>Total Contractual Financial Assets</b>	<b>(2,361)</b>	<b>1,841</b>	<b>4,249</b>	<b>3,739</b>
<b>2022</b>				
2022 \$000	Net holding gain / (loss)	Total interest income / (expense)	Total fee income / (expense)	Total
<b>Contractual Financial Assets</b>				
Investments designated at fair value through profit and loss <sup>(a)</sup>	(4,497)	-	1,005	(3,492)
Financial assets at amortised cost	-	175	-	175
<b>Total Contractual Financial Assets</b>	<b>(4,497)</b>	<b>175</b>	<b>1,005</b>	<b>(3,317)</b>

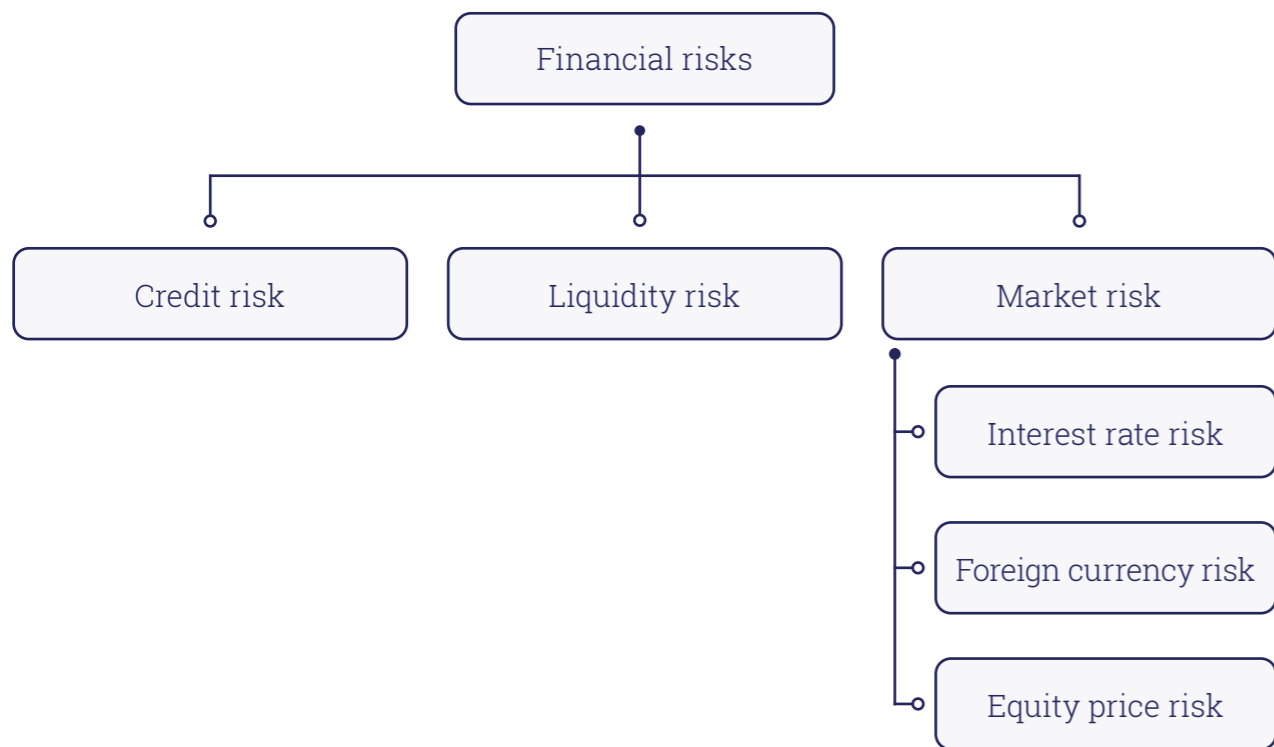
Note: Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

(a) In the current year's financial statement, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Financial assets designated at fair value through profit and loss'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.

The net holding gains or losses disclosed above are determined as follows:

- for Investments that are designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement in the fair value of the financial asset or liability.
- for financial assets and financial liabilities that are not recognised at fair value through profit or loss, the net gain or loss is calculated by taking the interest income or interest expense, minus or add any impairment recognised in the net result.

### 7.1.3. Financial Risk Management Objectives and Policies



As a whole, the Group’s financial risk management program seeks to manage these risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed in Note 7.1 to the financial statements.

The financial instruments’ main purpose is to generate a return on the Group’s investments. The main risks arising from the Group’s financial instruments are interest rate risk, credit risk, market risk, and liquidity and cash flow risk. These risks are measured using a method that reflects the expected impact on the results from reasonably possible changes in the relevant risk variables. Information about these risk exposures at the reporting date, measured on this basis, is disclosed below. Information about the total fair value of financial instruments exposed to

risk, as well as compliance with established investment mandate limits, is also monitored by Management and the Investment Committee and reported on a monthly basis.

#### Financial Instruments: Credit Risk

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised costs or at fair value through other comprehensive income, lease receivables, trade receivables.

The Group’s credit risk involves counterparties’ failure to perform contractual obligations that will cause the Group to incur financial losses. Concentrations of credit risk are minimised primarily by ensuring:

- Transactions are undertaken with a diverse range of counterparties, a large amount with the Victorian Department of Families, Fairness and Housing; and
- A majority of transactions are undertaken with clients under our administration.

In addition, receivables balances are monitored on an ongoing basis with the result that exposure to bad debts has not been significant. There is no material exposure to a group of counterparties that is expected to be affected similarly by changes in economic or other conditions. The carrying amount of financial assets that is recorded in the financial statements represents the maximum exposure to credit risk. Credit risk is also managed by the Group through banking cash and deposits with reputable banks.

The Group adopts the simplified approach in accounting for impairment of trade receivables and contract assets. The simplified approach does not require the Group to track the changes in credit risk, but, instead, requires the Group to recognise a loss allowance based on lifetime expected credit losses at each reporting date. Lifetime expected credit losses represents the losses that will result from all possible default events over the expected life of a financial instruments. The expected credit losses are estimated using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment if both the current as well as the forecast direction of conditions at reporting date, including time value of money where appropriate.

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the entity, in full (without taking into account any collateral held by the Group).

The Group writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Group’s recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

#### Financial Instruments: Liquidity and Cash Flow Risk

Liquidity risk is the risk in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with the Group’s operations. Cash flow risk relates to the fluctuations in future cash flows from holding financial instruments. Risk management guidelines adopted that are designed to minimise liquidity and cash flow risk are:

- Ensuring substantial cash reserves are held by the entity with major Australian banks;
- Ensuring there is no significant exposure to illiquid or thinly traded financial instruments; and
- Applying limits to ensure that there is no concentration of liquidity risk to a particular counterparty or market.

#### Financial instruments: Market Risk

The Group’s exposures to market risk are primarily through interest rate risk and equity price risk. Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, and equity prices. Market risk is managed and monitored using sensitivity analysis and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies. This risk exposure is managed by diversifying investments and managing to a conservative asset allocation model.

Financial investments in growth assets (exposure to listed domestic and international equity markets through investment in managed investment funds) are 24% (2022: 26%) and financial investments in defensive assets (exposure to cash and fixed interest through domestic and International investments in managed investment funds and cash deposits with financial institutions) are 76% (2022:74%). The Group is indirectly exposed to market risk by investing in managed investment funds. The performance of these funds due to market risk can impact upon the distributions received from our unit holdings and the underlying value of these unit holdings.

**Equity price risk** is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or broader economic factors affecting equity markets as a whole. Equity price risk exposure arises from the Group's investment in Managed Investment funds (see Note 7.1.3).

**Interest rate risk** arises from the possibility that changes in interest rates will affect future cashflows or the fair values of financial instruments. The Group has established limits on investments in interest bearing assets, which are monitored weekly. The Group's exposure to interest rates is limited to cash and short-term deposits, and advances to clients as disclosed in Note 7.1.3. The Group has no borrowings.

**Foreign exchange risk** is the risk that the fair value of a financial instrument will fluctuate due to changes in foreign exchange rates. The investments in international equity managed investment funds create an indirect exposure to currency risk through their underlying investments. The International Equity investments are with hedged funds (45%) and unhedged funds (55%). The unhedged component is only exposed to the foreign exchange risk. This strategic asset allocation can range between 40-60% hedged and unhedged. The exposure to currency risk is monitored and the hedging policy of these underlying investment funds is reviewed on a quarterly basis by Mercer.

### Maturity Analysis of Financial Assets and Liabilities based on Management's Expectations

To monitor existing financial assets and liabilities as well as to enable an effective controlling of future risks, The Group monitors risk through reporting that reflects expectations of future settlement of financial assets and liabilities. The risk implied from the values shown in the table below, reflects a balanced view of cash inflows and outflows.

2023	<1 months \$'000	1-3 months \$'000	3-12 months \$'000	1-5 years \$'000	>5 years \$'000	Total \$'000
<b>Contractual Financial assets</b>						
Cash and deposits	56,236	-	-	-	-	56,236
Contractual Receivables	6,274	45	419	212	-	6,950
Advances to clients	-	-	-	-	2,275	2,275
Term Deposits	-	-	15,000	-	-	15,000
Investments designated at fair value through profit and loss <sup>(a)</sup>	27,592	-	-	-	-	27,592
<b>Total contractual financial assets</b>	<b>90,102</b>	<b>45</b>	<b>15,419</b>	<b>212</b>	<b>2,275</b>	<b>108,053</b>
<b>Contractual Financial liabilities</b>						
Contractual Payables	50,308	-	-	-	-	50,308
<b>Total contractual financial liabilities</b>	<b>50,308</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>50,308</b>
<b>2022</b>						
<b>Contractual Financial assets</b>						
Cash and deposits	77,152	-	-	-	-	77,152
Contractual Receivables	6,161	60	381	14	-	6,616
Advances to clients	-	-	-	-	2,018	2,018
Term Deposits	-	-	10,000	-	-	10,000
Investments designated at fair value through profit and loss <sup>(a)</sup>	26,217	-	-	-	-	26,217
<b>Total contractual financial assets</b>	<b>109,530</b>	<b>60</b>	<b>10,381</b>	<b>14</b>	<b>2,018</b>	<b>122,003</b>
<b>Contractual Financial liabilities</b>						
Contractual Payables	64,885	-	-	-	-	64,885
<b>Total contractual financial liabilities</b>	<b>64,885</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>64,885</b>

(a) In the current year's financial statement, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Financial assets designated at fair value through profit and loss'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.



## Interest Rate Risk

### Sensitivity Disclosure Analysis and Assumptions

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the Group's sensitivity to interest rate risk are set out in the table that follows.

#### Interest rate exposure of financial instruments

	Weighted Average Interest Rate %	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
2023		\$'000	\$'000	\$'000	\$'000
<b>Contractual Financial Assets</b>					
Cash and deposits	3.37%	56,236	-	56,236	-
Contractual Receivables	Nil	6,950	-	-	6,950
Advances to clients	3.23%	2,275	-	2,275	-
Term deposits	2.27%	15,000	15,000	-	-
Investments designated at fair value through profit and loss <sup>(a)</sup>	Nil	27,592	-	-	27,642
<b>Total Contractual Financial Assets</b>		<b>108,053</b>	<b>15,000</b>	<b>58,511</b>	<b>34,452</b>
<b>Contractual Financial Liabilities</b>					
Contractual payables	Nil	50,308	-	-	50,308
<b>Total Contractual Financial Liabilities</b>		<b>50,308</b>	<b>-</b>	<b>-</b>	<b>50,308</b>
<b>2022</b>					
<b>Contractual Financial Assets</b>					
Cash and deposits	0.32%	77,152	-	77,152	-
Contractual Receivables	Nil	6,616	-	-	6,616
Advances to clients	0.89%	2,018	-	2,018	-
Term deposits	0.65%	10,000	10,000	-	-
Investments designated at fair value through profit and loss <sup>(a)</sup>	Nil	26,217	-	-	26,217
<b>Total Contractual Financial Assets</b>		<b>122,003</b>	<b>10,000</b>	<b>79,170</b>	<b>32,833</b>
<b>Contractual Financial liabilities</b>					
Contractual payables	Nil	64,885	-	-	64,885
<b>Total Contractual Financial Liabilities</b>		<b>64,885</b>	<b>-</b>	<b>-</b>	<b>64,885</b>

(a) In the current year's financial statement, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Financial assets designated at fair value through profit and loss'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.

## Interest Rate Risk Sensitivity

The sensitivity to interest rate risk has been undertaken using 100 basis points to reflect the high interest rates currently in place and expected to remain in the short-to-medium term.

### Interest Rate Risk Sensitivity

2023	Carrying Amount \$000	- 100 basis points	+ 100 basis points
		Net Result \$000	Net Result \$000
<b>Contractual Financial Assets</b>			
Cash and deposits	71,236	(712)	712
Advances to clients	2,275	(23)	23
<b>Total Impact</b>	<b>73,511</b>	<b>(735)</b>	<b>735</b>
<b>- 50 basis points</b>			
<b>+ 50 basis points</b>			
2022	Carrying Amount \$000	Net Result \$000	Net Result \$000
<b>Contractual Financial Assets</b>			
Cash and deposits	87,152	(872)	872
Advances to clients	2,018	(20)	20
<b>Total Impact</b>	<b>89,170</b>	<b>(892)</b>	<b>892</b>

## Market Equity Risk

The basis points sensitivity is based on the volatility of change in the respective indices over the last 10 years which management believes is a reasonable assessment of average market volatility expected.

2023	Change in Equity Price %	Carrying Amount \$000	Net Result \$000	Net Result \$000
<b>Investments at Fair Value through Profit and Loss</b>				
> Fixed Income	+3.8/-3.8	14,852	564	(564)
> Australian Equity	+14.2/-14.2	9,061	1,287	(1,287)
> International Equity	+11.7/-11.7	3,679	430	(430)
<b>Total Impact</b>		<b>27,592</b>	<b>2,281</b>	<b>(2,281)</b>
<b>2022</b>				
<b>Investments at Fair Value through Profit and Loss</b>				
> Fixed Income	+3.6/-3.6	13,070	392	(392)
> Australian Equity	+13.5/-13.5	9,683	1,317	(1,317)
> International Equity	+12.2/-12.2	3,464	471	(471)
<b>Total Impact</b>		<b>26,217</b>	<b>2,180</b>	<b>(2,180)</b>

## 7.2. Contingent Assets and Liabilities

Contingent assets and contingent liabilities are not recognised in the Balance sheet but are disclosed and, if quantifiable, are measured at nominal value. Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets: Nil (2022: Nil)

Contingent liabilities: Nil (2022: Nil)

## 7.3. Fair Value Determination

### Significant Judgement: Fair Value Measurements of Assets and Liabilities

Fair value determination requires judgement and the use of assumptions. This section discloses the most significant assumptions used in determining fair values. Changes to assumptions could have a material impact on the Group's results and financial position.

This section sets out information on how the Group determined fair value for financial reporting purposes. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Financial assets carried at fair value are investments in managed funds. In addition, the fair values of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure purposes.

The Group determines the policies and procedures for determining fair values for both financial and non-financial assets and liabilities as required.

### Fair Value Hierarchy

In determining fair values, a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- **Level 1:** Quoted (unadjusted) market prices in active markets for identical assets or liabilities;
- **Level 2:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable; and
- **Level 3:** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The table below shows that the fair values of all of the contractual financial assets and liabilities that are the same as the carrying amounts.

	Carrying Amount 2023 \$'000	Fair Value 2023 \$'000	Carrying Amount 2022 \$'000	Fair Value 2022 \$'000
<b>Contractual Financial assets</b>				
Cash and deposits	56,236	56,236	77,152	77,152
Contractual Receivables	6,950	6,950	6,616	6,616
Advances to clients	2,275	2,275	2,018	2,018
Term deposits	15,000	15,000	10,000	10,000
<b>Total contractual financial assets</b>	<b>80,641</b>	<b>80,641</b>	<b>95,786</b>	<b>95,786</b>
<b>Contractual Financial liabilities</b>				
Contractual Payable	50,308	50,308	64,885	64,885
<b>Total contractual financial liabilities</b>	<b>50,308</b>	<b>50,308</b>	<b>64,885</b>	<b>64,885</b>

### Financial assets valued at Fair Value

2023	Carrying Amount \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000
<b>Contractual Financial Assets</b>				
Investments at Fair Value through Profit and Loss <sup>(a)</sup>	27,592	-	27,592	-
<b>Total Contractual Financial Assets</b>	<b>27,592</b>	<b>-</b>	<b>27,592</b>	<b>-</b>
2022				
<b>Financial Assets</b>				
Investments at Fair Value through Profit and Loss <sup>(a)</sup>	26,217	-	26,217	-
<b>Total Contractual Financial Assets</b>	<b>26,217</b>	<b>-</b>	<b>26,217</b>	<b>-</b>

Notes: There were no significant transfers between level 1, level 2 and level 3.

The fair value of investments in unlisted unit trusts has been determined by reference to quoted redemption prices as reported by the manager of these investments.

(a) In the current year's financial statement, the naming convention for this specific line compared to the previous year has changed. It was previously presented as 'Financial assets designated at fair value through profit and loss'. This change is solely for presentation purposes and does not impact the financial position, performance, or disclosures of the financial statements.

## 8. Other Disclosures

### Introduction

This section includes additional material disclosures required by accounting standards or otherwise, for the understanding of this financial report.

### 8.1. Contributed Equity

	2023 \$'000	2022 \$'000
<b>Share capital</b>		
Ordinary shares		
(2023: 12,461,664 fully paid shares, 2022: 12,461,664)	12,462	12,462
Contribution from Owners	4,899	4,899
<b>Total Share Capital</b>	<b>17,361</b>	<b>17,361</b>

The Group only has one shareholder, the State of Victoria, which owns all the ordinary shares. This entitles the holder to receive dividends and the proceeds on winding up of the Company that is in proportion to the number of, and amounts paid on, the shares held.

Ordinary shares of the Group are classified as equity, government contribution received/receivable for which the Department of Treasury and Finance made a specific designation as contribution from owners and are treated as capital contribution, without the issuing of shares.

### Capital Risk Management

The Group's objectives when managing capital is to safeguard the ability to continue as a going concern so that it can provide returns for the shareholders, benefits to the stakeholders and maintain an optimum capital structure.

### 8.2. Client Assets Under Management

Total client assets under management and trusteeship were as follows. These amounts are not reflected in the Balance Sheet as they are held in trust on behalf of the entities' clients.

The client assets under management and trusteeship decreased over the year due to a decrease in clients' net applications and downward market movements.

	2023 \$'000	2022 \$'000
Investments, real estate, personal, and other assets	1,705	1,660
Client investments in Common Funds	1,197	1,119
<b>Total Assets under Management and Trusteeship</b>	<b>2,902</b>	<b>2,779</b>

### 8.3. Income Tax Expense, Assets and Liabilities

The Group's accounting policy for taxation requires management's judgement as to the types of arrangements considered to be a tax on income in contrast to an operating cost. Judgement is also required in assessing whether deferred tax assets and certain deferred tax liabilities are recognised on the Balance Sheet. Deferred tax assets, including those arising from tax losses, capital losses and temporary differences are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of enough future taxable profits.

#### Income Tax Equivalent

The Group is a state-owned company listed on the register of the National Tax Equivalent Regime. As such, it is required to account for its taxation liabilities in accordance with the *Income Tax Assessment Act 1936*, and the *Income Tax Assessment Act 1997* as required.

It pays tax as calculated in accordance with the respective taxation legislation to the Victorian Government Consolidated Fund.

#### Tax Consolidation

The Group has formed an income tax consolidated group consisting of the parent and its subsidiary. The parent is the head entity of the tax consolidated group.

The entities within the tax consolidated group have entered into a tax funding arrangement and a tax-sharing agreement with the head entity. Under the terms of the tax funding arrangement, the subsidiary has agreed to pay/receive a tax equivalent payment to or from the parent based on the current tax asset or liability of the entity. Such amounts are reflected in amounts receivable from or payable to the other entity in the tax consolidated group.

The tax sharing agreement entered between the members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the Group default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

	Notes	2023 \$'000	2022 \$'000
<b>Income Tax in the Comprehensive Operating Statement</b>			
Income Tax Expense	8.3.1	1,172	(469)
<b>Income Tax in the Balance Sheet Non-current Assets</b>			
Deferred Tax Assets	8.3.2	6,307	6,848
<b>Current Liabilities</b>			
Income Tax Payable / (Income Tax Receivable)		(566)	303
<b>Non-current Liabilities</b>			
Deferred tax liabilities	8.3.2	1,041	411

### 8.3.1. Income Tax Equivalent Expense

	2023 \$'000	2022 \$'000
Profit from continuing operations before income tax equivalent	2,985	3,423
Other Economic Flows - Other comprehensive income for the period	(2,386)	(4,497)
<b>Profit/(loss) before tax</b>	<b>599</b>	<b>(1,074)</b>
Prima facie tax at 30%	180	(322)
<b>Tax effect of non-temporary differences:</b>		
- Imputation Credits and Other	(88)	(152)
- Entertainment	40	1
- Depreciation	-	-
- Adjustment to deferred tax assets	1,072	4
- Fines and penalties	4	4
- Adjustment on prior year	-	-
<b>Total Income Tax Expense attributable to Operating Profit</b>	<b>1,172</b>	<b>(469)</b>
<b>Total Income Tax Expense comprises movements in:</b>		
- Current tax expense	-	1,148
- Deferred tax expense	1,171	(1,612)
- Other adjustments	1	(5)
<b>Total Movements for the period</b>	<b>1,172</b>	<b>(469)</b>
<b>Weighted average effective tax rate</b>	<b>196%</b>	<b>44%</b>

### 8.3.2. Income Tax Deferred Assets and Liabilities

#### Deferred Tax Assets/Liabilities

The calculation of deferred tax assets/liabilities are measured in accordance with Accounting Standard AASB 112 *Income Taxes*. As such, the Group accounts for the tax consequences of transactions and other events in the same way that it accounts for the transactions and other events themselves. Thus, for transactions recognised in the Comprehensive Operating Statement, related tax effects are also recognised in the result. For transactions and other events recognised directly in equity, any related tax effects are also recognised in equity.

A deferred tax asset or a deferred tax liability will be recognised for all temporary differences that arise for the difference between the carrying value of the asset or liability and its tax value.

Deferred tax assets are the amounts of income taxes recoverable in future periods in respect of deductible temporary differences, the carry forward of unused tax losses and the carry forward of unused tax credits. A deferred tax asset shall be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future profit will be available against which the unused tax losses and unused tax credits can be utilised.



Taxable and Deductible Temporary Differences arise from the following:

2023	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Closing Balance \$'000
<b>Gross Deferred Tax Assets</b>				
- Provision for doubtful debts	73	3	-	<b>76</b>
- Provision for employee entitlements	3,168	217	-	<b>3,385</b>
- Provision for accrued expenses	819	(156)	-	<b>663</b>
- Accrued audit fees	51	18	-	<b>69</b>
- Unrealised losses on investments	1,539	(1,539)	-	-
- Leased assets	(11,853)	1,278	-	<b>(10,575)</b>
- Leased liabilities	13,018	(1,103)	-	<b>11,915</b>
- Prepaid revenue (sublease)	33	(9)	-	<b>24</b>
- Accrued income for capital commission	-	<b>85</b>	-	<b>85</b>
- Revenue losses	-	<b>665</b>	-	<b>665</b>
<b>Total Gross Deferred Tax Assets</b>	<b>6,848</b>	<b>(541)</b>	-	<b>6,307</b>
<b>Gross Deferred Tax Liabilities</b>				
- Fringe Benefits Tax	(25)	24	-	<b>(1)</b>
- Fixed Assets (General)	(343)	(697)	-	<b>(1,040)</b>
- Accrued staffing costs	(43)	43	-	-
<b>Total Gross Deferred Tax Liabilities</b>	<b>(411)</b>	<b>(630)</b>	-	<b>(1,041)</b>
<b>Net Deferred Tax Asset</b>	<b>6,437</b>	<b>(1,171)</b>	-	<b>5,266</b>

2022	Opening Balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Closing Balance \$'000
<b>Gross Deferred Tax Assets</b>				
- Provision for doubtful debts	87	(14)	-	<b>73</b>
- Provision for employee entitlements	3,091	77	-	<b>3,168</b>
- Provision for accrued expenses	807	12	-	<b>819</b>
- Accrued audit fees	49	3	-	<b>52</b>
- Unrealised losses on investments	212	1,327	-	<b>1,539</b>
- Leased assets	(13,131)	1,278	-	<b>(11,853)</b>
- Leased liabilities	13,968	(951)	-	<b>13,017</b>
- Prepaid revenue (sublease)	32	1	-	<b>33</b>
<b>Total Gross Deferred Tax Assets</b>	<b>5,115</b>	<b>1,733</b>	-	<b>6,848</b>
<b>Gross Deferred Tax Liabilities</b>				
- Unrealised gains on investments	(42)	42	-	-
- Fringe Benefits Tax	(20)	(5)	-	<b>(25)</b>
- Fixed Assets (General)	(228)	(115)	-	<b>(343)</b>
- Accrued staffing costs	-	(43)	-	<b>(43)</b>
<b>Total Gross Deferred Tax Liabilities</b>	<b>(290)</b>	<b>(121)</b>	-	<b>(411)</b>
<b>Net Deferred Tax Asset</b>	<b>4,825</b>	<b>1,612</b>	-	<b>6,437</b>

## 8.4. Reserves

	Reserve Fund (Trustee Companies Act) \$'000	General Reserve (ASIC / RG166 Requirements) \$'000	Total \$'000
<b>2023</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening Balance at start of financial year	13,893	7,153	21,046
Profits transferred to/(from) Reserves	615	401	1,016
<b>Closing Balance at the end of the financial year</b>	<b>14,508</b>	<b>7,554</b>	<b>22,062</b>
<b>2022</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Opening Balance at start of financial year	13,980	7,149	21,129
Profits transferred to/(from) Reserves	(87)	4	(83)
<b>Closing Balance at the end of the financial year</b>	<b>13,893</b>	<b>7,153</b>	<b>21,046</b>

### Reserve Fund (Trustee Companies Act)

Under the *Trustee Companies Act 1984* (the Act), a reserve fund of not less than half of one per cent of the value of company-managed trust estates in Victoria must be provided. In the event that a liquidator, receiver or manager is appointed, reserve fund monies are to be paid from the trustee company according to Section 39(3) of the Act. Section 38 of the Act requires the Group to place assets into a reserve fund. These assets must be managed consistent with requirements of the Trustee Act 1958.

On 30 June 1999, in keeping with legislation amending the *State Trustees (State Owned Company) Act 1994*, the corpus amounts held by Common Funds were paid to the Group, with a transfer of \$615,000 to Reserves from Retained Profits in 2023 (2022: transfer of \$87,000 from Retained Profits).

	2023 \$'000	2022 \$'000
<b>Assets comprising the Reserve Fund - Trustee Companies Act</b>		
Cash at bank and on hand	9,555	15,119
Term deposits at call	15,000	10,000
<b>Total Assets comprising the Reserve Fund - Trustee Companies Act</b>	<b>24,555</b>	<b>25,119</b>
Reserve fund requirements	(14,058)	(13,893)
<b>Surplus</b>	<b>10,047</b>	<b>11,226</b>

### General Reserve – ASIC / RG166

The Group has various financial requirements imposed by the Australian Securities and Investment Commission (ASIC) in relation to the Australian Financial Services Licence.

This reserve was created during 2013/14 with the transfer of \$7.879m from Retained Profits.

The Group has established a reserve account to isolate our ASIC regulatory requirements.

These financial requirements are:

- Net tangible assets;
- Surplus liquid funds;
- Adjusted surplus liquid funds; and
- A buffer for the adjusted surplus liquid funds.

As at 30 June 2023, the Group is compliant with the Australian Financial Services Licence financial requirements.

### 8.5. Controlled Entity

The consolidated financial statements at 30 June 2023 include the following controlled entity.

The financial year of the controlled entity is the same as that of the parent entity.

Controlled entity	Place of incorporation	Type of shares	Book value of parent entity's investment \$'000		% of shares held		Contribution to the results \$'000	
			2023	2022	2023	2022	2023	2022
STL Financial Services Limited	Australia	Ordinary	5,200	5,200	100	100	228	(585)

STL Financial Services Limited has \$5.2m of paid up capital which has historically supported the Australian Financial Services Licence requirements in respect of minimum net tangible assets.

### 8.6. Parent Entity Information

The parent has entered into operating expenditure commitments as disclosed in Note 6.2 of these financial statements. The parent entity's contingent liability is disclosed in note 7.2.

No guarantee was provided by the parent entity.

Information relating to the parent:	2023 \$'000	2022 \$'000
Current assets	71,416	106,759
Non-current assets	93,590	83,915
<b>Total assets</b>	<b>165,006</b>	<b>190,674</b>
Current liabilities	59,410	79,611
Non-current liabilities	38,250	42,667
<b>Total liabilities</b>	<b>97,670</b>	<b>122,278</b>
Issued capital	17,631	17,361
Retained earnings	27,913	28,274
General reserve	22,062	21,180
<b>Total shareholders' equity</b>	<b>67,336</b>	<b>66,815</b>
Profit or loss of the parent entity	(729)	767
<b>Total comprehensive income of the parent entity</b>	<b>(729)</b>	<b>767</b>

### 8.7. Economic Dependency

A significant portion of revenue is received from the State of Victoria via the Community Service Agreement. A four-year agreement was agreed and signed by both parties, with agreement concluding on 30 June 2026. This contract is between the Group and the Department of Families, Fairness and Housing.

## 8.8. Remuneration of Auditors

	2023 \$'000	2022 \$'000
Audit or review of the financial statements	190	180
<b>Total remuneration (exclusive of GST)</b>	<b>190</b>	<b>180</b>

The audit fees include all fees paid (or due to be paid) to the auditor, Victorian Auditor General's Office (VAGO), of the parent entity, subsidiary and entities where the parent is the trustee company i.e., the audit fees for VAGO auditing State Trustee's Australia Foundation and State Trustee's Australia Foundation Open Fund estimated to be \$22,400 (2022: \$20,000).

The audit fees for VAGO auditing the Common Funds and inveST Funds where the parent also acts as trustee company is estimated to be \$82,400 (2022: \$80,000). These fees are paid by the respective Funds.

## 8.9. Other Significant Accounting Judgements, Estimates and Assumptions

### 8.9.1 Determination of Control over Other Entities

These financial statements are consolidated Financial statements incorporating STL Financial Services Limited as a controlled entity. In determining whether the parent has control over another entity as defined in AASB10, consideration has been given to the following:

- power over the other entity;
- exposure, or rights to variable returns from its involvement with the other entity; and
- the ability to use its power over the other entity to affect the quantity of returns it receives from that other entity.

### 8.9.2 Compliance with International Financial Reporting Standards

The financial report complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

## 8.9.3 Impairment of Leasehold Improvements for Level 13, Footscray Office

In the financial year ended 30 June 2020, the Group entered into a 3-year sublease for one of the floors located at the Footscray Office with an external party (refer note 4.4 for further details). The lease with that tenant expired in March 2023.

In March 2023, a new leasing arrangement was entered into for 4 months with a new tenant. The lease arrangement covers a limited space on the floor. In undertaking an assessment for impairment, no impairment loss has been recognised as at 30 June 2023.

In determining the impairment of this asset, management has assessed the Group as one single cash generating unit and based our assessment on the following significant judgements and estimates:

- the short-term nature of the Sublease Agreement and its anticipated usage of the subleased floor at the conclusion of the term of subleasing arrangement;
- the long-term nature term of Footscray Office Head Lease Agreement;
- cash flow projections for the Group; and
- relevant factors it believes to be reasonable under the circumstances to conclude that there is no impairment for subleased floor's leasehold improvements.

At reporting date, there are no indicators that the sublease arrangement will be extended beyond the current arrangement. Therefore, the impairment assessment for this asset is performed based on a discounted future cashflow model for the Group over the term of the Head Agreement (long-term). No impairment loss will be recognised while Management continues to assess the Group as one single cash generating unit, however, should these significant judgements change, then an impairment loss to the extent of the net book value at reporting date could be recorded. The Group will continue to assess the significant judgements and estimates applied above throughout the period of the sublease and beyond.

## 8.10. Responsible Persons

### Responsible Portfolio Minister

The following person held the position of Responsible Portfolio Minister for the reporting period:

The Hon. Timothy Pallas	Treasurer of Victoria	1 July 2022 to 30 June 2023
-------------------------	-----------------------	-----------------------------

### Directors

The following persons held the position of a director or chief executive officer during the reporting period:

The Honourable Jennifer Acton	Director (Chair)	1 July 2022 to 30 June 2023
Mark Toohey	Director	1 July 2022 to 30 June 2023
Helen Hambling	Director	1 July 2022 to 30 June 2023
The Honourable Theo Theophanous	Director	1 July 2022 to 22 February 2023
Angela Emslie AM	Director	1 July 2022 to 30 June 2023
Anthony Clark	Director	1 July 2022 to 30 June 2023
Vivienne Nguyen AM	Director	1 July 2022 to 30 June 2023

### Accountable Officer

John Velegrinis	Chief Executive Officer	1 July 2022 to 30 June 2023
-----------------	-------------------------	-----------------------------

Total Remuneration received or receivable by the Responsible Persons in connection with the management of the Group during the reporting period was in the range: \$800,000–809,999 (2022: \$860,000–869,999).

Executives	2023	2022
20-000-29,999	1	2
30,000-39,999	-	1
40,000-49,999	5	5
50,000-59,999	-	1
80,000-89,999	1	1
420,000- 429,999	-	1
450,000 - 499,999	1	-

## 8.11. Remuneration of Executives

The number of executive officers, other than ministers and directors, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalents provide a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered, and is disclosed in the following categories.

**Short-term employee benefits** include amounts such as wages, salaries, annual leave or sick leave that are usually paid or payable on a regular basis, as well as non-monetary benefits such as allowances and free or subsidised goods or services.

**Other long-term benefits** include long-service leave or sabbatical leave, jubilee or other long-service benefits, long-term disability benefits deferred compensation and profit-sharing and bonuses paid.

**Post-employment benefits** include pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

### Principles used to determine the nature and amount of remuneration

Remuneration is based on the Victorian Government Public Entity Executive Remuneration Policy. This is structured as a total employment cost package, delivered as a mix of cash and prescribed non-financial benefits at the executives' discretion. Executives receive no more than 80% of the Chief Executive Officer's base salary (as determined by Government Sector Executive Remuneration Panel (GSERP)).

Executives	Position Title	Dates position held
John Velegrinis	Chief Executive Officer	1 July 2022 to 30 June 2023
Brett Comer	General Manager – Corporate Services	1 July 2022 to 30 June 2023
Josephine Brown	General Manager – Financial Administration	1 July 2022 to 30 June 2023
Andrew Tennant	General Manager – Professional Services	1 July 2022 to 30 June 2023
Marg Canavan	Acting General Manager – Trustee Services	1 July 2022 to 25 July 2022
Melissa Reynolds	General Manager – Trustee Services	26 July 2022 to 30 June 2023

Remuneration of Executive Officers (included in Key Management Personnel)	2023 \$'000	2022 \$'000
Short-term employee benefits	1,774	1,609
Post-employment benefits	143	126
Other long-term benefits	8	-
Termination benefits	-	129
<b>Total Remuneration</b>	<b>1,925</b>	<b>1,864</b>
<b>Total number of KMP's</b>	<b>5</b>	<b>8</b>
<b>Total annualised employee equivalents (AEE)</b>	<b>5</b>	<b>5.3</b>



## 8.12. Related Party Disclosures

The State of Victoria is the sole shareholder of the Group.

The subsidiary is owned and controlled by the parent. The subsidiary has been consolidated into the financial statements of The Group.

The parent is the Trustee Company for the following:

- invest funds
- Common funds
- State Trustee's Australia Foundation; and
- State Trustee's Australia Foundation Open Fund.

Related parties of the Group include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over), and
- all departments and public-sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All transactions with related parties are conducted on commercial terms and conditions.

## Significant transactions with Government Related Entities

2023  
\$'000's

Government Entity	Nature of Transactions	Revenue	Contract Liabilities	Contract Assets	Cash Received	Cash Paid
State of Victoria (DTF)	Dividend payment based on FY22 results	-	-	-	-	-
State of Victoria (DFFH)	Community Services Agreement	26,643	-	-	26,076	-
State of Victoria (DTF)	HomesVic Shared Equity Scheme	548	23	-	403	-
State of Victoria (DEECA)	Revenue earned from administration of Solar Homes Program	2,716	-	254	2,511	-
State of Victoria (DEECA)	Restricted cash to fund the operations of Solar Homes Program	-	46,681	-	75,718	(91,025)
State of Victoria (DEECA)	Revenue earned from administration of Power Saving Bonus	513	-	-	536	-
<b>Total</b>		<b>30,420</b>	<b>46,704</b>	<b>254</b>	<b>105,244</b>	<b>(91,025)</b>

2022  
\$'000's

Government Entity	Nature of Transactions	Revenue	Contract Liabilities	Contract Assets	Cash Received	Cash Paid
State of Victoria (DTF)	Dividend payment based on FY21 results	-	-	-	-	-
State of Victoria (DFFH)	Community Services Agreement	22,954	-	-	22,318	-
State of Victoria (DTF)	HomesVic Shared Equity Scheme	441	6	-	355	-
State of Victoria (DEECA)	Revenue earned from administration of Solar Homes Program	2,279	-	-	1,824	-
State of Victoria (DEECA)	Restricted cash to fund the operations of Solar Homes Program	-	62,034	-	139,475	(117,419)
State of Victoria (DEECA)	Revenue earned from administration of Power Saving Bonus	239	-	-	179	-
<b>Total</b>		<b>25,913</b>	<b>62,040</b>		<b>164,151</b>	<b>(117,419)</b>

**Key management personnel** of the Group include the Portfolio Minister, Directors, the Chief Executive Officer and those executives reporting directly to the Chief Executive Officer.

The following table lists key management personnel:

Key Management Personnel	Position Title	Dates position held
The Hon. Timothy Pallas	Treasurer	1 July 2022 to 30 June 2023
Jennifer Acton	Director (Chair)	1 July 2022 to 30 June 2023
Helen Hambling	Director	1 July 2022 to 30 June 2023
Mark Toohey	Director	1 July 2022 to 30 June 2023
Theo Theophanous	Director	1 July 2022 to 22 February 2023
Angela Emslie AM	Director	1 July 2022 to 30 June 2023
Anthony Clark	Director	1 July 2022 to 30 June 2023
Vivienne Nguyen AM	Director	1 July 2022 to 30 June 2023
John Velegrinis	Chief Executive Officer	1 July 2022 to 30 June 2023
Brett Comer	General Manager – Corporate Services	1 July 2022 to 30 June 2023
Josie Brown	General Manager – Financial Administration	1 July 2022 to 30 June 2023
Andrew Tennant	General Manager – Professional Services	1 July 2022 to 30 June 2023
Marg Canavan	Acting General Manager – Trustee Services	1 July 2022 to 25 July 2022
Melissa Reynolds	General Manager – Trustee Services	26 July 2022 to 30 June 2023

### Transactions with Key Management Personnel

Significant transactions with Key Management Personnel principally comprise of employment remuneration. Details of these transactions are outlined in the table below.

The compensation detailed below excludes the salaries and benefits the portfolio minister receives. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1998* and is reported within the *State Annual Financial Report*.

Compensation of KMP's	2023 \$'000	2022 \$'000
Short-term employee benefits	2,092	1,939
Post-employment benefits	176	159
Other long-term benefits	8	-
Termination benefits	-	129
<b>Total Remuneration</b>	<b>2,276</b>	<b>2,227</b>

### Fees and Commissions from invest Funds and Common Funds

	2023 \$'000	2022 \$'000
<b>Fees and Commissions received from:</b>		
Common Funds	5,648	5,399
invest Funds	3,354	2,995
<b>Total Fees and Commissions</b>	<b>9,002</b>	<b>8,394</b>

The Group received fees in its capacity as the Trustee Company of the invest Funds. The Group received fees in its capacity as Manager and Trustee of the Cash and Charitable Common Funds respectively.

Fees and commission represent amounts recognised in the comprehensive operating statement as revenue. This will be net of any GST where applicable.

### Directors' interests

There are no Directors' interests in any of the Funds managed by the Group. There are no other significant related party transactions.

### 8.13. Matters Subsequent to the End of the Financial Year

There are no circumstances which have arisen since 30 June 2023 that have significantly affected or may significantly affect the operations of the Group.

## Directors' Declaration

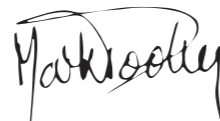
In accordance with a resolution of the Directors of the Group, we state that in the opinion of the Directors:

- (a) the financial statements and notes of the Group are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (b) the financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 8.9.2; and
- (c) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**The Honourable Jennifer Acton**  
Chair



**Mark Toohey**  
Director

Melbourne, 31 August 2023

## Independent Auditor's Report



Victorian Auditor-General's Office

### Independent Auditor's Report

#### To the Directors of State Trustees Limited

<b>Opinion</b>	<p>I have audited the consolidated financial report of State Trustees Limited and its controlled entity (together the Group) which comprises the:</p> <ul style="list-style-type: none"> <li>• consolidated balance sheet as at 30 June 2023</li> <li>• consolidated comprehensive operating statement for the year then ended</li> <li>• consolidated statement of changes in equity for the year then ended</li> <li>• consolidated cash flow statement for the year then ended</li> <li>• notes to the consolidated financial statements, including significant accounting policies</li> <li>• Directors' declaration.</li> </ul> <p>In my opinion the financial report is in accordance with the <i>Corporations Act 2001</i> including:</p> <ul style="list-style-type: none"> <li>• giving a true and fair view of the financial position of the Group as at 30 June 2023 and its financial performance and cash flows for the year then ended</li> <li>• complying with Australian Accounting Standards and the <i>Corporations Regulations 2001</i>.</li> </ul>
<b>Basis for opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the Group in accordance with the auditor independence requirements of the <i>Corporations Act 2001</i> and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other information</b>	<p>The Directors of the Group are responsible for the Other Information, which comprises the information contained in the Directors' Report of Operations but does not include the financial report and my auditor's report thereon.</p>

My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.

**The Directors' responsibilities for the financial report** The Directors of the Group are responsible for the preparation of a financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Directors determine is necessary to enable the preparation of a financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Directors are responsible 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 it is inappropriate to do so.

**Auditor's responsibilities for the audit of the financial report** As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian 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 economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, 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 my 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 Directors

**Auditor's responsibilities for the audit of the financial report (continued)**

- conclude on the appropriateness of the Directors' use of the going concern basis of accounting 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 I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my 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 financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the Group. I remain solely responsible for my audit opinion.

I communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Directors with a statement that I 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 my independence, and where applicable, related safeguards.



Roberta Skliros

as delegate for the Auditor-General of Victoria

MELBOURNE  
26 September 2023



## Contact us

---



### Footscray

1 McNab Avenue,  
Footscray,  
Victoria 3011



### Mailing address

GPO BOX 1461,  
Melbourne,  
Victoria, 3001

### Dandenong

Shop 4,  
157 Lonsdale St  
(corner of Foster St),  
Dandenong,  
Victoria 3175



### Telephone

1300 138 672



[www.statetrustees.com.au](http://www.statetrustees.com.au)



@statetrustees



@statetrusteesvictoria



@company/state-trustees

### Bendigo

41 Edward Street,  
Bendigo,  
Victoria 3550