



THE PUBLIC TRUSTEE

For all Tasmanians.
Since 1853

ANNUAL REPORT
2001 - 2002

The Hon Judy Jackson MHA
Attorney General & Minister for Justice
& Industrial Relations
Level 10, 10 Murray Street
HOBART TAS 7000

Dear Minister,

In accordance with Section 55 of *The Government Business Enterprises Act 1995*, we submit for your information and presentation to Parliament the Report of The Public Trustee for the year ended 30 June 2002.

The Report has been prepared in accordance with the provisions of *The Government Business Enterprises Act 1995*.

Yours faithfully,

Peter Maloney
Chairperson
The Board of The Public Trustee

Elizabeth Thomas
Chief Executive Officer
The Public Trustee

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Acknowledgements

This annual report demonstrates the generosity and goodness of three Tasmanian families. The Public Trustee sincerely thanks the Burgess, Michaelson and Nicholls families.

Responsible Minister

The Public Trustee is directly responsible to the Attorney General & Minister for Justice and Industrial Relations for the administration of its principal legislation and for ensuring The Public Trustee is managed in accordance with sound commercial practices.

Principal Legislation

Two Acts of Parliament comprise the principal legislation affecting The Public Trustee.

- The *Public Trustee Act 1930* is the Portfolio Act and sets out the organisation's basic powers and duties.
- The *Government Business Enterprises Act 1995* creates the corporation and determines how The Public Trustee is operated and controlled.

Main Undertakings

The main undertaking of The Public Trustee is to offer trustee services to the Tasmanian community by:

- Preparing wills and enduring powers of attorney
- Acting as an executor of estates, or estate administrator if there is no will
- Assuming the role of executor when a person named in a will is unable or unwilling to act
- Assisting executors and trustees in their duties
- Acting as attorney for people requiring assistance to manage their financial affairs
- Acting as trustee for various types of trusts including accident compensation awards
- Assisting people to manage their financial affairs when The Public Trustee is appointed as a financial administrator by the Guardianship and Administration Board
- Managing funds under the control of The Public Trustee in order to provide a commercial rate of return to contributors.

Our Mission, Vision and Values

Throughout The Public Trustee, we seek to apply our mission, vision and values to decision making, programs and policies at every level, every day.

The mission states the purpose of The Public Trustee, the reason for our existence.

The vision is the goal for the future; it states where The Public Trustee, as an organisation, is heading.

The values guide our behaviour and are based on the shared beliefs of the staff, management and Board of Directors of The Public Trustee.

Mission Statement

The mission of The Public Trustee, as a Government Business Enterprise, is to offer quality, independent trustee services to the Tasmanian community.

Vision Statement

The vision of The Public Trustee is to be commercially successful and respected as a progressive and accessible specialist in the provision of trustee services to all Tasmanians.

Values Statement

In seeking to achieve the mission and vision of The Public Trustee, the primary values of The Public Trustee will be:

- personal and professional respect for each other and our clients
- a client service focus
- a commercial orientation in our business activities in order to ensure we deliver value to our clients and the community
- professional excellence in service delivery
- professional and personal integrity in carrying out our responsibilities

Chairperson's Report

I am pleased to present the Annual Report for The Public Trustee of Tasmania for the year ending 30th June 2002.

The organisation achieved a credible financial result for the year – a net operating profit after tax of \$161,293. Significant factors contributing to the result were :

- an 11% increase in fees and commission revenue
- an expense of \$476,159 to correct an error in the actuary's previous assessments of The Public Trustee's defined retirement benefits scheme liability and
- an income tax benefit on operating profit of \$176,900

There has been a significant change in The Public Trustee's taxation regime in the 2001-02 financial year. The net result of the change is that The Public Trustee has recognised a future tax benefit as at 1st July 2001 of \$1,310,656. The combined effect of the operating result and the income tax adjustments has resulted in an increase in the net assets of The Public Trustee by \$1,471,949 to \$2,536,631.

During the year in review The Public Trustee appeared before a Legislative Council Government Business Enterprise Scrutiny Committee. I am pleased to report that the Committee concluded that The Public Trustee was a satisfactorily managed trading organisation.

In reviewing The Public Trustee's 2001-02 accomplishments it is appropriate that I recognise the commitment, enthusiasm and dedication of the individual directors of the Board of The Public Trustee. In August 2002, Di Thomas resigned from the Board. Di's specialist knowledge of the community sector was a valuable asset for The Public Trustee. We thank her for her input.

On behalf of the Board, I acknowledge the contribution The Public Trustee's previous Portfolio Minister, Dr Peter Patmore, made to the organisation. We look forward to working with Judy Jackson in her capacity as Attorney General and Minister for Justice and Industrial Relations, in the new financial year.

Finally, I would like to pay tribute to Elizabeth Thomas. The great strides that The Public Trustee has made over the past few years are attributable to her ability as a leader with vision. The Public Trustee has moved from being a Government Department to a commercially driven and client focussed Government Business Enterprise providing a quality service to the Tasmanian community. That will be Elizabeth's lasting legacy. On behalf of the Board and the staff I would like to express my thanks and appreciation to her. Fortunately she will not be lost to us altogether.

Elizabeth has agreed to stay on the Board as a Director and I look forward to her continued contribution, albeit in a different role.

In 2003 The Public Trustee will celebrate 150 years service to the Tasmanian community. This significant milestone will provide the opportunity for The Public Trustee to acknowledge our 150 year history and embrace the future as an integral part of the Tasmanian government and the Tasmanian community.

Peter Maloney
Chairperson
Board of The Public Trustee

Chief Executive Officer's Report

This has been a year of outstanding achievement and innovation.

During the year in review, The Public Trustee has developed and introduced new service standards that took into account the Tasmanian community's expectations of The Public Trustee as well as nationally acknowledged service benchmarks. These standards are based on professionalism, timeliness, courtesy and communication. In 2001-02, we achieved 95% of all service standards. A wonderful result.

While our success may be readily measured against strategic business objectives and service standards, it is equally as important for us to know how our performance actually meets our clients' expectations. Client surveys for our estate beneficiaries provide the opportunity for our largest client group to tell us if our service met their expectations.

Of 1000 surveys sent during 2001-02 we received a 30% response rate that provided us with valuable insights. During 2002-03 we will continue to build on our identified strengths of courtesy and professionalism and develop strategies to further expedite the estate administration process and simplify our fee structure.

In 9 of the 12 response categories, our service exceeded clients' expectations, up to 70% of respondents assessed our service as excellent. The results are testimony to the dedication and commitment of The Public Trustee's client account managers and the team that supports our front line service delivery. I acknowledge their efforts and thank them sincerely for their contribution to The Public Trustee.

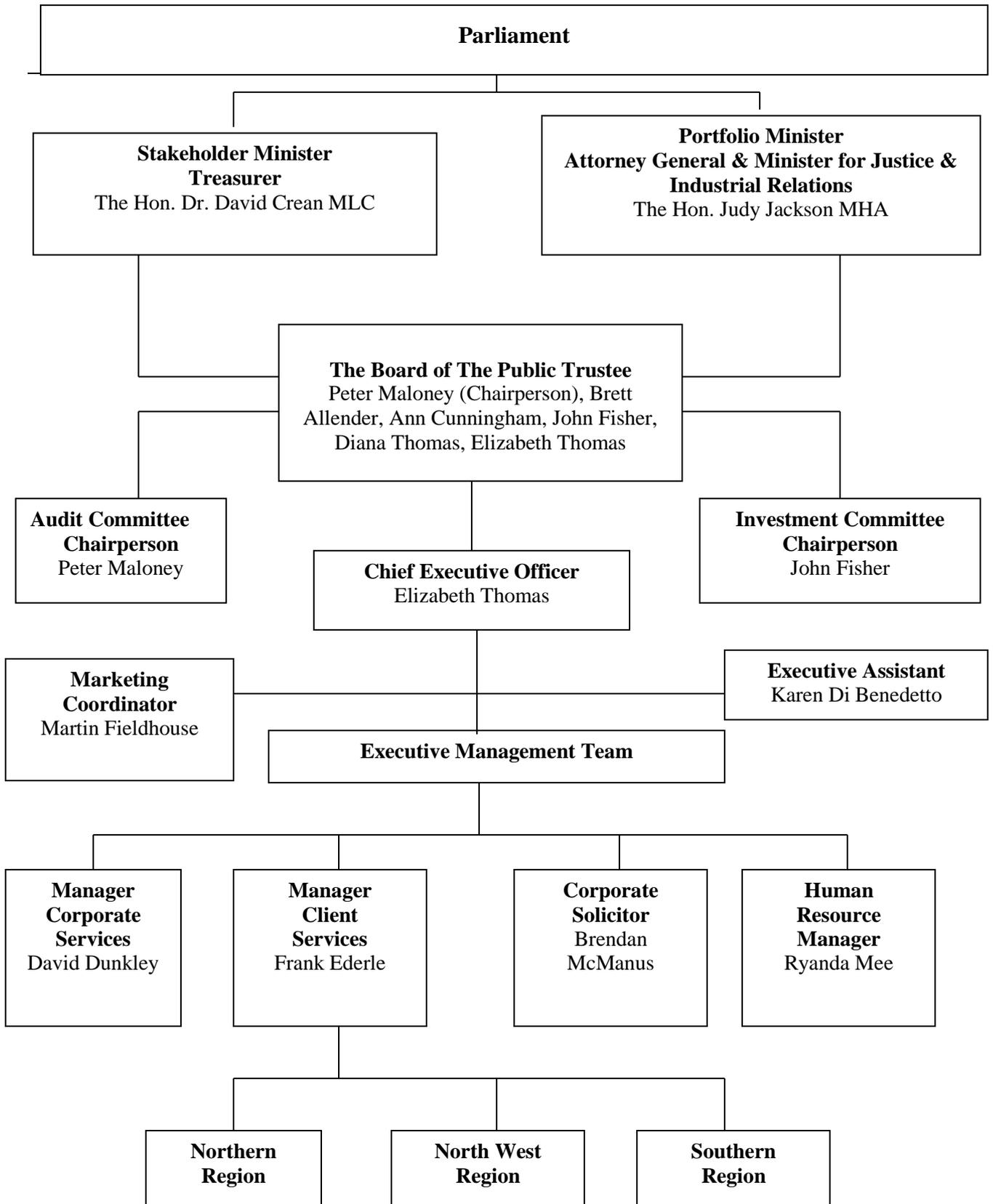
The Public Trustee has also experienced a positive year in our core business operation – estate and trust administration. There is wide spread recognition of The Public Trustee's role in the Tasmanian business community as a trust administration specialist. We have achieved a 5% growth in our trustee services new business for the year, incorporating a 12% increase in the volume of commercial business. In comparison to the previous financial year, we have also written 6% more enduring powers of attorney, 59% more new wills and 12% more revised wills.

This will be my last annual report as Chief Executive Officer of The Public Trustee. I am pleased to have been able to oversee the transition of the Public Trust Office to The Public Trustee, Government Business Enterprise. A transition that has been accompanied by a growth in The Public Trustee's funds under management from \$92m in 1996 to \$124m in 2002.

I acknowledge the tremendous support I have received from the Board of Directors and the people who work at The Public Trustee. As we enter a new era, I wish the incoming Chief Executive Officer well for the future.

Elizabeth Thomas
Chief Executive Officer

Structure of The Public Trustee



Board of The Public Trustee

In accordance with the provisions of the *Government Business Enterprises Act 1995*, the Board of The Public Trustee is responsible to the Portfolio Minister (the Attorney General & Minister for Justice and Industrial Relations) for ensuring that;

- the business and affairs of The Public Trustee are managed and conducted in accordance with sound commercial practice
- The Public Trustee performs its functions and achieves its legislative and corporate plan objectives

On that basis, the Board's principle objective is to maintain and increase shareholder value while ensuring The Public Trustee's overall activities are properly managed.

The Board has established audit and investment committees to support it in matters that require more intensive review. Generally, the Board and investment committee meet monthly, the audit committee meets quarterly.

The audit committee oversees the integrity of internal control and risk management strategies. The investment committee advises the Board on the investment of money held by The Public Trustee in trust, including funds invested in the common fund and group investment funds.

The Board delegates responsibility for day to day management of the business and oversight of the implementation of strategies approved by Board in the strategic plan to the Chief Executive Officer.

Peter Maloney

Director of the Board of The Public Trustee 1996

[Chairperson of the Board of The Public Trustee](#) 2001

Investment Committee Member

Audit Committee Chairperson

Mr Maloney is a barrister and solicitor and Director of the Office of Legislation Development and Review with the Department of Justice and Industrial relations.

Brett Allender

Director of the Board of The Public Trustee 2001
Investment Committee Member

Brett brings 19 years experience in Australian financial markets to The Public Trustee. He is currently employed with J B Were Limited and has worked as an economist, trader, fund manager and manager.

Ann Cunningham

Director of the Board of The Public Trustee 2000

Ms Cunningham is a barrister and solicitor practising part time in family law with Simmons Wolfhagen. Ann holds several other part time roles as a member of the Administrative Appeals Tribunal, The Resource Management and Planning Appeals Tribunal, Deputy President of the Mental Health Tribunal and Complaints Commissioner at the University of Tasmania. Ann is also an accredited mediator and arbitrator.

John Fisher

Director of the Board of The Public Trustee 1996
Investment Committee Chairperson
Audit Committee Member

Mr Fisher is the General Manager, Investment, Trade and Development for the Department of State Development and holds directorships on the Boards of Australian Weaving Mills Pty Ltd and the Antarctic and Southern Ocean Science Centre Pty Ltd.

Diana Thomas

Director of the Board of The Public Trustee 1996
Audit Committee Member

In August 2002 Ms Thomas resigned from the Board of The Public Trustee to accept a position as Area Manager Disability Services with Endeavour in North Queensland.

Elizabeth Thomas

The Public Trustee of Tasmania 1994

Chief Executive Officer of The Public Trustee 1995

Director of the Board of The Public Trustee 1995

Investment Committee Member

Ms Thomas contributes 15 years practical experience in estate and trust administration to the Board and the investment committee. In addition to her responsibilities as CEO of The Public Trustee she holds a number of voluntary positions within the community including Vice President of the Tasmanian division of the Institute of Public Administration, Deputy Chairperson of the Royal Hobart Hospital Research Foundation and a member of the Salvation Army Citizen's Advisory Board.

The Public Trustee - caring across generations

In this Annual Report, we highlight The Public Trustee's experience in dealing with one Tasmanian family for nearly half a century.

The relationship between the family members and our organisation extends across generations and across the years. It is testimony to the enduring nature of a relationship with The Public Trustee as a statutory trustee organisation.

Marilyn and Paul's long-running association with The Public Trustee began following a tragic family accident in the winter of 1955...

SOUTHERN JOCKEY DIES AFTER FALL

"...Well-known Southern jockey William Michaelson (23) was fatally injured in a fall from Colchester in the Brush Hurdle at Mowbray on Saturday. Michaelson died in the Launceston General Hospital early yesterday morning. Colchester made a bad jump at the first hurdle and, although he did not fall, dislodged Michaelson a few strides after landing. It did not appear to be a heavy fall, and it is believed that a hoof of one of the following horses struck Michaelson. Only recently some friends had urged him to give up riding over jumps. Michaelson, who lived at Glenorchy, leaves a widow and two young children."

The Advocate, Burnie, May 2nd, 1955

The newspaper report of the accident failed to make mention that William's widow was expecting a third child. Marilyn was born two months after the accident in July 1955. She never knew her father.

While grieving for a lost husband and father, what followed was not a story of financial desperation and hardship. Instead, what was forged was the beginning of a very strong and committed service from The Public Trustee to a devastated young family – strength of service that was to continue throughout Marilyn's married life.

Marilyn's grandmother assumed care of Marilyn and her siblings and, with monies held in trust by The Public Trustee following the accident, responsibility for the financial requirements of the family, including school fees, clothing, and even doctors' bills, was carefully administered by The Public Trustee.

"...My grandmother just always had the accounts sent straight to them, (The Public Trustee), and that was it. It was quite easy..." (Marilyn)

The association continued...

Marilyn married Paul in Hobart in 1975. Paul's father, Dave, was born in Wynyard in 1917. Dave was an Engineer in the Royal Australian Navy. He served on HMAS Adelaide in World War II and worked for many years at EZ and the Hobart City Council. He was passionate about boat building and carpentry, but was equally as energetic in his commitment to his and his family's long term financial future. Dave invested his money in the purchase of shares, shares that were to have considerable value in later years.

“ He always said that you hang on to them (shares) and pass them on to your grandchildren....”
(Marilyn)

Born with an inherent distrust of the legal profession, and with a significant estate to pass on, Dave discussed with Marilyn in some detail her experience with The Public Trustee. He also talked to other friends and colleagues before making the decision to make his Will with The Public Trustee in 1995.

Later, Dave lived with his daughter, Anne, in Sandy Bay for a few months, and passed away in September 1997. Following his death, The Public Trustee made several visits to his widow, Pat, a well-respected Hobart watercolour artist, explaining the process of estate administration to her and their children. Pat was an elderly lady at this stage and, with ill health and immobility proving restrictive, Pat decided to make an Enduring Power of Attorney to appoint The Public Trustee to manage her affairs.

“ She didn't get out much... and the cheques coming in to her, that used to really worry her. The Public Trustee just took that worry off her.” (Marilyn)

“We were comfortable with The Public Trustee.”
(Paul)

“We had no trouble getting hold of our Client Account Manager, Gaylene. She was always available.” (Marilyn)

Pat lived until June 2000. A vibrant woman, she successfully completed a university degree in her later years and was also a creative cake decorator - for which her grandchildren were eternally grateful. Pat continued to paint until osteoporosis ultimately took its toll. On her death, The Public Trustee administered her estate, which was divided equally between their three children, Paul, Anne, and Rosalind. In 2002, The Public Trustee continues to hold in trust monies for Rosalind and her daughter Emma. Gaylene Cunningham, the Client Account Manager responsible for managing the Trust, keeps in regular contact with the family and acts as an advocate for Rosalind in her dealings with external agencies, providing advice and support.

From the death of Marilyn's father in 1955 to the management of a trust in 2002, The Public Trustee continues to uphold the original commitment made to William and to Dave and Pat – to deliver professional services with personal care.

Corporate Plan

The Public Trustee's corporate plan serves two main purposes:

- it provides a clear vision of the valuable contribution The Public Trustee can make to the Tasmanian community
- it establishes practical initiatives that must be taken to ensure the vision contained in the plan becomes a reality.

The corporate plan is reviewed annually to reassess the direction of The Public Trustee and financial forecasts for the operation of the business.

During the course of the review of the 2002-2003 corporate plan, it became apparent that the availability of professional indemnity insurance and the level of The Public Trustee's capital reserves would have a critical impact on the future direction of The Public Trustee. Accordingly, a comprehensive review of the corporate direction of The Public Trustee was held in abeyance while options for professional indemnity insurance were investigated and an independent review of the organisation's capital reserves was undertaken. Resolution of the matters will be finalised prior to the preparation of the 2003-2004 corporate plan, to be undertaken early in 2003.

The level of capital reserves will have a direct impact on many of the financial performance measures and distribution targets incorporated in the corporate plan. Pending the assessment of an appropriate capital adequacy measure, the financial forecasts have not been updated since 2001 and this report states the 2002-2003 and 2003-2004 targets and forecasts extracted from the 2001-2002 corporate plan.

Within this operating context, the strategic initiatives contained in the corporate plan continue to drive the internal resources of the organisation and focus on:

- building the business base to ensure the commercial success of The Public Trustee as a Government Business Enterprise, and
- business process analysis and reengineering in order to increase the efficiency and profitability of core business activities.

Statement of Corporate Intent

The Statement of Corporate Intent has been prepared pursuant to Section 41 of the *Government Business Enterprises Act 1995*.

a) Business Definition

The scope of the principal commercial activities undertaken by The Public Trustee are:

- to provide the general community with access to professional advice and service in relation to Trustee services including wills, estate administration, trust management and powers of attorney
- to protect the financial interests of individuals under a legal, physical or intellectual disability where The Public Trustee is appointed to act on their behalf
- to assume responsibility for administering estates and trusts, irrespective of their value

b) Business Direction

The general business direction of The Public Trustee for the forecast period is to perform its functions and exercise its powers so as to be a successful business by:

- operating in accordance with sound commercial practices
- operating efficiently and maximising the net worth of the business
- maximising the sustainable return to the State in accordance with the corporate plan and to perform, on behalf of the State, any community service obligations in an efficient manner

c) Strategic Direction

The strategic direction for The Public Trustee for the period of the corporate plan will focus on the implementation of initiatives designed to secure market share and improve efficiency and profitability in the organisation's core business activities – estate and trust administration and funds management.

d) Business Performance Targets

The business performance targets have been set in accordance with the forecast operating profits during the planning period.

Key Performance Indicators	2002-2003	2003-2004
Return on Assets *	4.5%	5.1%
Return on Equity	22%	23%
Net Profit (\$000's) before tax	260	300
Debt to Equity Ratio	N/A	N/A
Interest Cover Ratio	N/A	N/A

* The notional income from the \$4.6M provision for retirement benefits flows to the provision and has the effect of reducing the return on assets.

e) Distribution Policy and Targets

The targets are set in accordance with the forecast operating profits during the planning period.

	2002-2003 \$000's	2003-2004 \$000's
Dividends	130	150
Income tax equivalent payments	0	0
Guarantee fees	0	0
TOTAL	130	150
Dividend payout ratio	50%	50%
Distributions ratio	50%	50%

No income tax equivalent payments were forecast during the planning period due to the availability of substantial carried forward losses.

f) Capital Structure

The equity of The Public Trustee is made up of a single reserve constituting accumulated retained profits.

No significant changes to the capital structure of The Public Trustee are envisaged during the planning period.

Financial Commentary

Financial Performance Indicators

The Public Trustee's corporate plan targets and key financial performance indicator results for 2001 – 2002 were:

	Corporate Plan Target 2001-2002	Actual for 2001-2002
Return on Assets (1)		
Earnings before interest & Tax/ Total Assets	3.5%	-0.2%
Profit to Equity (2)		
Earnings before Tax / Net Assets	17%	81.8%

(1) The notional income generated from the \$4.6M provision for retirement benefits flows through to the provision and has the effect of reducing the stated return on assets.

(2) The profit to equity ratio of 81.8% includes the one off tax benefits of The Public Trustee's entry into the National Tax Equivalent regime. Excluding the one off benefits, the ratio would be 9.0% on the basis of profit from ordinary activities after tax.

Future income tax benefits represented 19% of total assets and 61% of net assets as at 30th June 2002 and reduced the return on assets and profit to equity ratios.

Payments to Consolidated Fund

The Public Trustee's payments to the Consolidated Fund for 2001-2002 compared with the previous year were:

	2001-2002	2000-2001
Dividend	\$122,321	Nil
Income Tax Equivalent Payment	Nil	Nil
Wholesale Sales Tax Equivalent Payment	Nil	\$867
Guarantee Fee	Nil	Nil
TOTAL	\$122,321	\$867

Capital Structure

The Public Trustee has no corporate borrowings. The equity of The Public Trustee is wholly represented by retained earnings.

Distribution Targets

The targets for distribution and payments to the Consolidated Fund in 2002-2003 are:

Guarantee Fee	Nil
Income Tax Equivalent Payment	\$120,000
Dividend	Nil
TOTAL	\$120,000

Statement on Superannuation Entitlements

The superannuation entitlements of the majority of staff are determined by the defined benefit scheme of the *Retirement Benefits Act 1993*. In relation to staff not entitled under the defined benefit scheme, employer contributions have been made to complying superannuation funds as required by the *Commonwealth Superannuation Guarantee Act*.

Procurement Contracts

The Public Trustee had no procurement contracts in place as at 30th June 2002 valued at more than \$50,000.

Support for Tasmanian Business

The Public Trustee supports Tasmanian business by sourcing all services and supplies within Tasmania where those services and supplies are competitively available at the standard required by The Public Trustee.

Staffing

As at 30 June 2002 The Public Trustee employed 48 staff on a full time equivalent basis.

Community Service Obligation Payments

In accordance with the provisions contained in Part 9 of the *Government Business Enterprises Act 1995*, community service obligations have been declared to encompass the responsibility of The Public Trustee to administer estates, trusts and the financial affairs of represented persons, notwithstanding that the financial value of these matters prohibits full cost recovery. As at 30th June 2002, matters classified as community service obligations accounted for 57% of the matters administered by The Public Trustee.

The Treasurer, as the purchasing minister, reviews The Public Trustee's performance in delivering community service obligations on a professional, efficient and cost effective basis. A component of the funding received is subject to The Public Trustee's performance against agreed service standard benchmarks. For the year in review, 94% of the performance bonus was paid. Total community service obligation funding received by The Public Trustee in 2001-02 was \$649,225.

FINANCIAL STATEMENTS

2001-2002

STATEMENT OF CERTIFICATION

In the opinion of the directors of THE PUBLIC TRUSTEE:

(a) the attached financial statements are drawn up so as to give a true and fair view of the results and cash flows for the year ending 30th June, 2002 and the state of affairs as at 30th June, 2002 of THE PUBLIC TRUSTEE;

(b) the accounts have been prepared in compliance with the provisions of the Government Business Enterprises Act 1995;

(c) at the date of this statement, there are reasonable grounds to believe that THE PUBLIC TRUSTEE will be able to pay its debts as and when they fall due.

The financial statements have been prepared in accordance with Australian Accounting Standards, Urgent Issues Group consensus views and other authoritative pronouncements of the Public Sector Accounting Standards Board or the Australian Accounting Standards Board.

Signed in accordance with a resolution of the directors.

PETER M. MALONEY
CHAIRPERSON
BOARD OF THE PUBLIC TRUSTEE
16 SEP 2002


ELIZABETH THOMAS
CHIEF EXECUTIVE OFFICER
THE PUBLIC TRUSTEE
16 SEP 2002

SUPERANNUATION CERTIFICATE

I, Peter Maloney, Chairperson of The Board of The Public Trustee hereby certify that The Public Trustee has met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of those employees of The Public Trustee who are members of the following complying superannuation schemes to which The Public Trustee contributes.

- Health Employees Superannuation Trust Aust
- Perpetual Tasmania Superannuation Trust
- Fiducian Life Superannuation
- The SMF Group (The Spectrum Plan)
- Super Samma NPS Fund

PETER M. MALONEY
CHAIRPERSON
BOARD OF THE PUBLIC TRUSTEE

Insert Audit Certificate Here

THE PUBLIC TRUSTEE
STATEMENT OF FINANCIAL PERFORMANCE
For the Year Ended 30th June, 2002

	NOTE	2002	2001
		\$	\$
REVENUE FROM ORDINARY ACTIVITIES			
Commission and Fees		3,975,619	3,585,671
Income from Investments	2	269,518	299,972
Profit on Sale of Assets			0
		-----	-----
Total Revenue from Ordinary Activities		4,245,137	3,902,364
EXPENSES FROM ORDINARY ACTIVITIES			
Salaries and Associated Expenses		1,926,114	1,933,584
Provisions for Employee Benefits		565,286	551,290
Accommodation Expenses		87,634	104,821
Depreciation		86,562	91,823
Administration Expenses		1,118,989	976,204
Adjustment to prior years RBF provisions		476,159	0
		-----	-----
Total Expenses from Ordinary Activities		4,260,744	3,657,722
PROFIT (LOSS) from ordinary activities			
before income tax expense (revenue)		(15,607)	244,642
Income tax expense (benefit) relating to ordinary activities	18	(176,900)	0
Net profit (loss) from ordinary activities after related tax expense		161,293	244,642
Income tax revenue from future tax benefits not previously recognised	1(a)	117,484	0
Income tax revenue resulting from an adjustment of future tax benefits on entry to the National Tax Equivalent Regime	1(a)	1,193,172	0
		-----	-----
TOTAL CHANGES IN EQUITY,			
other than those resulting from transactions with owners as owners		1,471,949	244,642
		=====	=====

THE PUBLIC TRUSTEE
STATEMENT OF FINANCIAL POSITION
As At 30th JUNE 2002

	NOTE	2002	2001
		\$	\$
CURRENT ASSETS			
Cash Assets	3	2,849,500	2,351,298
Receivables	4	384,480	279,634
Other		29,532	2,869
		-----	-----
TOTAL CURRENT ASSETS		3,263,512	2,633,801
		-----	-----
NON-CURRENT ASSETS			
Property, Plant and Equipment	5	3,311,333	3,327,041
Future Income Tax Benefit	18	1,551,223	0
		-----	-----
TOTAL NON-CURRENT ASSETS		4,862,556	3,327,041
		-----	-----
TOTAL ASSETS		8,126,068	5,960,842
		=====	=====
CURRENT LIABILITIES			
Payables	6	381,193	342,769
Current Income Tax Liability	19	20,651	0
Provisions	7	1,376,909	936,885
		-----	-----
TOTAL CURRENT LIABILITIES		1,778,753	1,279,654
		-----	-----
NON-CURRENT LIABILITIES			
Provisions	8	3,767,669	3,616,506
Deferred Income Tax Liability	18	43,015	0
		-----	-----
TOTAL NON-CURRENT LIABILITIES		3,810,684	3,616,506
		-----	-----
TOTAL LIABILITIES		5,589,437	4,896,160
		-----	-----
NET ASSETS		2,536,631	1,064,682
		=====	=====
EQUITY			
Retained Profits	9	2,536,631	1,064,682
		-----	-----
TOTAL EQUITY		2,536,631	1,064,682
		=====	=====

THE PUBLIC TRUSTEE
STATEMENT OF CASH FLOWS
For the Year Ended 30th June, 2002

	NOTE	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES			
		\$	\$
Receipts from clients & Common Fund		4,114,898	3,662,128
Payments to employees and suppliers		(3,422,250)	(3,310,303)
Dividend Paid		(122,321)	0
		-----	-----
NET CASH PROVIDED BY OPERATING SERVICES	16	570,327	351,825
		=====	=====
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in investment in Common Fund		(500,000)	(300,000)
Payments for property, plant & equipment		(72,125)	(51,518)
Proceeds from sale of property & equipment		0	57,496
		-----	-----
NET CASH USED IN INVESTING ACTIVITIES		(572,125)	(294,022)
		=====	=====
Net increase (decrease) in Cash Held		(1,798)	57,803
Cash at the beginning of the year		251,298	193,495
		-----	-----
CASH AT THE END OF THE YEAR	16	249,500	251,298
		=====	=====

THE PUBLIC TRUSTEE

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Public Trustee was established under The Public Trustee Act 1930.

(a) BASIS OF ACCOUNTING

The Government Business Enterprises Act 1995 requires The Public Trustee to keep proper accounts and records of its transactions and affairs, in accordance with the accounting principles which generally apply in commercial practice.

The financial statements are a general purpose financial report and have been prepared on an accrual accounting basis and in accordance with Australian Accounting Standards and Urgent Issues Group consensus views. They are prepared on an historical cost basis and do not take into account changing money values, or unless otherwise stated, current valuations of non current assets or liabilities.

The accounting policies adopted are generally consistent with those of the previous financial year except with respect to tax effect accounting.

In recent years The Public Trustee has not recognized Future Income Tax Benefits or Deferred Income Tax Liabilities. This position had been adopted as The Public Trustee had significant tax losses and an ongoing building allowance entitlement, combined with the then tax arrangements applicable to The Public Trustee, led to the conclusion that the realisation of any Future Income Tax Benefits and Deferred Income Tax Liabilities was not virtually certain.

As from 1st July 2001 Tasmania entered into the National Tax Equivalent Regime (NTER) with application to The Public Trustee as a Government Business Enterprise. The most significant impact of the NTER is that under the Income Tax Assessment Act an income tax deduction is only allowable for payments made to superannuation funds. Previously a deduction was allowed for the movement in the total superannuation provision.

As a consequence accumulated tax losses will be fully utilized in the year under review and with the ongoing profitability of The Public Trustee, the realisation of

Future Income Tax Benefits and Deferred Income Tax Liabilities are now virtually certain. Further details are provided in notes 18 & 19.

(b) REVENUE RECOGNITION

Commission and Fees

Commission and fees are taken progressively throughout the administration of the estates and trusts under the control of The Public Trustee. Commission is charged when the individual assets are realised throughout the course of the administration or at the time of distribution if the asset is transferred to a beneficiary. Fees are either charged at the time the service is performed or at the time the next statement of account for the administration is prepared. Both the volume of work required and the fine legal distinctions that may be necessary to determine whether a commission or fee is chargeable render the accruing of these commissions and fees inappropriate.

Interest and Rental Income

Interest and rental income are recognised as they accrue.

(c) GOVERNMENT APPROPRIATIONS AND GRANTS

The Public Trustee received no Government appropriations or grants during the year ended 30th June 2002. However in accordance with an agreement for The Public Trustee to perform certain Community Service Obligations on behalf of the Government, fee income of \$659,733 (2001: \$665,184) accrued during the year in payment for delivering the services required under the agreement.

(d) INVESTMENTS

The investment in the Common Fund is carried at cost.

Land and buildings are held as investments and are included at fair value in terms of accounting standard AASB 1041. Generally each property is revalued every three years. Where The Public Trustee occupies part of the properties for its own accommodation purposes, the costs are apportioned on the basis of floor space occupied.

Plant and equipment are shown at cost less the provision for depreciation.

(e) DEPRECIATION AND AMORTISATION OF NON CURRENT ASSETS

Non current assets excluding land and buildings are depreciated over their useful economic lives using the straight-line method of depreciation. Assets are first depreciated in the year of acquisition or from the time the asset is held ready for use.

Land and buildings are held as investment properties on which revenue by way of rental income and capital appreciation are expected and as such no depreciation is charged.

Note 5 provides further details of non current assets.

NOTE 2: INCOME FROM INVESTMENTS

	2002	2001
	\$	\$
Income from the Common Fund	82,624	109,817
Rental Income	186,894	190,155
	-----	-----
	269,518	299,972
	=====	=====

The Common Fund was established under The Public Trustee Act 1930 to pool those funds in the hands of The Public Trustee that are not specifically invested on behalf of individual estates and trusts elsewhere. The Public Trustee is a major investor in the Fund.

The Common Fund is invested in trustee securities. Details of the composition of the Common Fund are provided in Note 3.

NOTE 3: CASH ASSETS

	2002	2001
	\$	\$
Cash on Hand	1,250	1,250
Investment in Common Fund	2,848,250	2,350,048
	-----	-----
Total Cash Assets	2,849,500	2,351,298
	=====	=====

The Investment in Common Fund is part of the indivisible Common Fund controlled by The Public Trustee. As at 30th June the components of the total Common Fund were:-

	2002	2001
	%	%
Loans on First Mortgage	13	16
Term Deposits	75	69
Cash Management Account	12	9
Investment Property	1	3
Cash at Bank	-2	2
Other	1	1
	-----	-----
	100	100
	=====	=====

NOTE 4: CURRENT RECEIVABLES

	2002	2001
	\$	\$
Debtors	384,480	279,634
	-----	-----
Total Receivables	384,480	279,634
	=====	=====

NOTE 5: PROPERTY PLANT AND EQUIPMENT

	2002	2001
	\$	\$
Land and Buildings at fair value:		
Commercial Offices 114-116 Murray Street, Hobart	2,400,000	2,400,000
Commercial Offices 3-5 Wellington Street, Launceston	375,000	375,000
Car Park 9-23 Watchorn Street, Hobart	290,000	290,000
	-----	-----
	3,065,000	3,065,000
	-----	-----
Improvements to Buildings, at cost	399,552	399,552
Accumulated Depreciation	292,919	256,434
	-----	-----
	106,633	143,118
	-----	-----
Furniture and Equipment, at cost *	645,135	693,226
Accumulated Depreciation	505,435	574,303
	-----	-----
	139,700	118,923
	-----	-----
	-----	-----
Total Property Plant and Equipment	3,311,333	3,327,041
	=====	=====

Mr W. D. Reynolds A.A.P.I. of Colliers Jardine prepared independent valuations of the Hobart Offices and the Watchorn Street Car Park. Mr. M. D. Youngman A.A.P.I., of Walker Youngman Dixon, prepared an independent valuation of the Launceston Offices.

These valuations were conducted as at 30 June 2000 and did not disclose separate values for land and for buildings. Separate values will be reported following the next revaluations that are planned for June 2003.

* Fully depreciated furniture and equipment with an original cost of \$120,212 was disposed of during the year

The reconciliation of the movement in each class of plant and equipment is as follows:

	2002	2001
	\$	\$
Improvements to Buildings:		
Balance at beginning of year	143,118	179,603
Depreciation	(36,485)	(36,485)
	-----	-----
Balance at end of year	106,633	143,118
	-----	-----
Motor Vehicles:		
Balance at beginning of year	0	48,194
Disposals	0	(40,773)
Depreciation	0	(7,420)
	-----	-----
Balance at end of year	0	0
	-----	-----
Fixtures, Furniture and Equipment:		
Balance at beginning of year	118,923	116,139
Acquisitions	72,124	51,518
Depreciation	(51,347)	(48,734)
	-----	-----
Balance at end of year	139,700	118,923
	-----	-----

Depreciation of Plant & Equipment is on a straight line basis over the anticipated useful life of each asset.

The ranges of useful lives for major asset classes are:

Furniture	7-10 years
Electronic and Computer Equipment	3-5 years
Fixtures and Improvements	5 years

The capitalisation threshold for items of furniture and equipment is \$300.

NOTE 6: CURRENT PAYABLES

	2002	2001
	\$	\$
Creditors	381,193	342,769
	-----	-----
Total Current Payables	381,193	342,769
	=====	=====

NOTE 7: CURRENT PROVISIONS

	2002	2001
	\$	\$
Annual Leave	208,738	191,213
Long Service Leave	224,461	209,424
Retirement Benefits	943,710	413,927
Dividend Payment	0	122,321
	-----	-----
Total Current Provisions	1,376,909	936,885
	=====	=====

Information relating to employee entitlements is provided at Note 15.

NOTE 8: NON-CURRENT PROVISIONS

	2002	2001
	\$	\$
Long Service Leave	75,405	53,192
Retirement Benefits	3,692,264	3,563,314
	-----	-----
Total Non-Current Provisions	3,767,669	3,616,506
	=====	=====

Information relating to employee entitlements is provided at Note 15.

NOTE 9: RETAINED PROFITS

	2002	2001
	\$	\$
Retained profits at the beginning of the year	1,064,682	942,361
Net Profit for the year	161,293	244,642
Prior year tax benefits recognised	1,310,656	0
Dividend provided for	0	(122,321)
	-----	-----
Retained profits at the end of the year	2,536,631	1,064,682
	=====	=====

NOTE 10: CONTINGENT LIABILITIES

The Public Trustee has entered into Deeds of Indemnity with each Director and Executive Team member by which The Public Trustee will indemnify the Officers against any action that may be taken against them for actions undertaken on behalf of The Public Trustee in the performance of their duties within specified limitations. At the date of adoption of these financial statements, there are no actual or potential material claims of which the Directors or Officers are aware.

NOTE 11: REMUNERATION OF DIRECTORS

The Directors in office during the year to 30th June 2002 were Ms. E.F. Thomas, Ms. D.N. Thomas and Mrs. A. F. Cunningham and Messrs. P.M. Maloney, J.R. Fisher, and B.S. Allender

The remuneration (including the salary paid to the C.E.O. but excluding superannuation) paid or payable to Directors of The Public Trustee during the year to 30th June 2002 was \$170,326 (\$168,844 for 2000-2001). The total amount paid to superannuation plans on behalf of Directors during the period was \$19,644 (\$18,607 for 2000-2001).

NOTE 12: GOING CONCERN

These financial statements have been prepared on the going concern basis recognising that The Public Trustee will continue to function and fund itself on the same basis as for the year ended 30th June 2002.

NOTE 13: CREDIT AND LOAN FACILITIES

The Public Trustee maintained no used or unused credit standby arrangements or loan facilities as at 30th June 2002.

NOTE 14: RELATED PARTY TRANSACTIONS

There were no transactions with related parties by the economic entity during the year.

NOTE 15: PROVISION FOR EMPLOYEE BENEFITS

- (a) The majority of staff are members of the Retirement Benefits Fund defined benefit scheme. The scheme was closed to new members as from 15 May 1999. All other staff are members of an accumulation scheme.

Each year, the State Actuary conducts a valuation of the past service and accrued liabilities within the Retirement Benefits Fund defined benefit scheme at the reporting date. Any shortfall between the value of these benefits and the market value of the Retirement Benefits Fund assets relating to those members determines the amount of any unfunded superannuation liability, and is shown as a liability in The Public Trustee's Statement of Financial Position.

The funding status of The Public Trustee's share of the defined benefit scheme at the reporting date, based on actuarial valuations, is summarised as follows:

	2002 \$	2001 \$	Change
Vested Benefits	7,144,592 =====	6,224,666 =====	14.8%
Accrued Benefits	6,037,599	5,102,978	18.3%
<i>Less</i> RBF Assets	1,401,625 -----	1,125,737 -----	24.5%
Deficit	4,635,974 =====	3,977,241 =====	16.6%
Classified as:			
Current	943,710	413,927	
Non current	3,692,264	3,563,314	

The accrued benefits have increased by 18.3% during the year. A large part of the increase relates to the correction of an error in the classification of a particular pensioner as at June 2001 and in prior years.

- (b) Entitlements of employees for long service leave are accrued annually based on discounted estimated future salary levels. Entitlements of employees for annual leave are accrued annually at current salary levels.

The amounts provided for Annual and Long Service Leave as at 30th June 2002 include related on-costs and represent The Public Trustee's total estimated liability.

- (c) Sick leave entitlements for employees are non-vested and no provision has been made for sick leave. On the basis of previous experience the liability for sick leave is not material in comparison with total liabilities.

NOTE 16: STATEMENT OF CASH FLOWS

(a) Reconciliation of Cash

Cash includes cash on hand and the cash component of the investment in the Common Fund. The reported cash component of the investment in the Common Fund is based on an estimate of the maximum short term cash requirements of the Office. Cash at the end of the year is reconciled to the related items in Note 3 as follows: -

	2002	2001
	\$	\$
Cash on hand	1,250	1,250
Cash Investment in Common Fund	248,250	250,048
	-----	-----
Cash at the end of the year	249,500	251,298
	=====	=====
Cash Investment in Common Fund	248,250	250,048
Balance of Investment in Common Fund	2,600,000	2,100,000
	-----	-----
Investment in Common Fund	2,848,250	2,350,048
	=====	=====

(b) **Reconciliation of net cash provided by operating activities to operating result**

	2002	2001
	\$	\$
Operating Profit (Loss)	(15,607)	244,642
Depreciation expense	86,562	91,823
Increase / (Decrease) in Provisions for Employee Benefits	713,508	155,437
Increase (Decrease) in Creditors	38,424	100,159
(Increase) Decrease in Debtors	(104,846)	(227,771)
Net (Profit) Loss on sale of Plant and Equipment	0	(16,721)
Dividend Paid	(122,321)	0
Sundry	(25,393)	4,257
	-----	-----
	<u>570,327</u>	<u>351,825</u>
	=====	=====

NOTE 17: LEASING COMMITMENTS

Obligations under non-cancellable operating leases of computer equipment and motor vehicles as at 30th June were:

	2002	2001
	\$	\$
Amounts payable not later than 1 year	28,679	91,345
Payable later than 1 year and less than 5 years	5,412	25,071
	-----	-----
Total Amounts payable	<u>34,091</u>	<u>116,416</u>
	=====	=====

NOTE 18: INCOME TAX EQUIVALENT

- (a) The prima facie tax equivalent on operating profit differs from the tax equivalent provided in the accounts as follows:-

	2002	2001
	\$	\$
Operating Profit (Loss)	(15,607)	244,642
	-----	-----
Prima facie tax (Benefit)	(4,682)	83,178
Tax Effect of permanent differences:-		
Building Allowance & Lease incentives	(33,859)	(28,332)
Accumulated Losses not previously recognised	(138,359)	0
Tax benefit not recognised	0	54,846
	-----	-----
Income tax expense (benefit) provided on Operating Profit	(176,900)	0
	=====	=====
Comprising:		
Current income tax provision	(20,651)	0
Deferred income tax liability, current year	(19,395)	0
Future income tax benefit, current year	216,946	0
	-----	-----
	(176,900)	0
	=====	=====
(b) Provision for current income tax		
Current year's income tax provision from Ordinary activities	20,651	0
(c) Deferred Income Tax Liabilities *		
Timing differences between tax and accounting income	43,015	0
(d) Future Income Tax Benefits *		
Timing differences between income tax and accounting income	1,551,223	0

* These items recognised for the first time this year (see Note 1)

NOTE 19: STATEMENT OF TAXATION
EQUIVALENCE FOR THE FINANCIAL
YEAR ENDED 30TH JUNE 2002

	2002	2001
	\$	\$
Operating Profit (Loss) as per Financial Statements	(15,607)	244,642
 <u>Add</u>		
Depreciation as per accounts	86,562	92,639
Increase in creditors not invoiced	9,647	303
Additions to Superannuation provision	843,539	338,653
Amortised leasing fees	2,869	3,441
Net increase in leave provisions	54,774	23,433
Taxable Profit on sale of Equipment	0	43,279
Rent Inducement amortised	7,708	0
	-----	-----
TOTAL ADDBACKS	1,005,099	478,315
	=====	=====
 <u>Subtract</u>		
Profit on Sale of Equipment	0	16,721
Accrued Rental Income	52,041	0
Payments from superannuation provision	184,806	338,653
Tax Depreciation	102,041	92,816
Building Allowance	83,329	83,329
Rent Inducement recognised	37,240	0
	-----	-----
TOTAL SUBTRACTIONS	459,457	508,086
	=====	=====
 NET INCOME	 530,035	 214,871
(Accumulated losses at the beginning of the financial year)	(461,196)	(676,067)
	-----	-----
(Accumulated losses at the end of the financial year)	0	(461,196)
 TAXABLE INCOME	 68,839	 0
	=====	=====
TAX EQUIVALENT PAYABLE	20,651	0
	=====	=====

NOTE 20: FINANCIAL INSTRUMENTS

a) Interest Rate Risk

The Public Trustee's exposure to interest rate risk and effective interest rates on financial assets and liabilities as at 30th June are:

	Weighted average effective interest rate	Variable interest rate	Non-interest bearing
	%	\$	\$
2002 Financial Assets			
Cash		0	1,250
Investment in Common Fund Debtors	3.77	2,848,250	0
		0	384,480
		-----	-----
Total Financial Assets		2,848,250	385,730
		=====	=====
2002 Financial Liabilities			
Creditors		0	381,193
		=====	=====
2001 Financial Assets			
Cash		0	1,250
Investment in Common Fund Debtors	5.00	2,350,048	0
		0	279,634
		-----	-----
Total Financial Assets		2,350,048	280,884
		=====	=====
2001 Financial Liabilities			
Creditors		0	342,769
		=====	=====

b) Net Fair Value

The net fair value of the financial assets and liabilities of The Public Trustee approximates their carrying value.

c) Credit Risk Management

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Public Trustee minimises the credit risk of the investment in the Common fund by ensuring that the assets of the Common Fund are invested in secure diversified assets as per Note 3.

d) Policies and Conditions

Debtors and Creditors are carried at nominal values. The investment in the Common Fund is held at cost. The cash component of the Common Fund investment (Note 16) is available at call and the balance is available subject to the liquidity of the investments of the Fund.

OFFICE LOCATIONS

The services provided by The Public Trustee are available through the Head Office in Hobart, Launceston, Devonport and Burnie. Regional visits to major population centres throughout Tasmania and personal visits to clients unable to attend any of our offices ensure all members of the community are able to access our services.

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