

THE PUBLIC TRUSTEE

ANNUAL REPORT 2002-2003

*Celebrating 150 years of service
to the Tasmanian Community*



TIME CAPSULE MESSAGES

What follows are some of the 500 messages received from Tasmanian primary school children which were sealed in a Time Capsule commemorating the 150th anniversary of The Public Trustee on the 29th August 2003. The children were asked to describe their dreams, hopes and aspirations for the next 50 years.

Dylan - 9 years

"My personal dream is happiness and dreams and be kind and caring and love and no war and weapons."

Taylah

"When I leave school my ambition is to be a singer and actor. I would also like to be a social worker or a child psychologist. I want to see the world. My advice is: Live every day as if it were your last!"

Brady - 7 years

"In 2053 I will be in Hawaii. I will be 57. I will buy some new pants. I hope I will be surfing."

Hannah - 11 years

"In 2053 I wish for peace, happiness, no poverty and enough love for everyone, no matter what race or colour."

Bradley - 9 years

"In 2053 I hope that the world has food and water for everyone. I hope there are no terrorist attacks and kids are safe. I hope that there is a cure for cancer."

Lachlan - 11 years

"In 2053 I would like to join the Army or the Navy. I would also like to play AFL for the North Melbourne Kangaroos and if I don't play footy I would like to visit Ireland."

Mary - 11 years

"In 2053 I would of liked to have been a singer and have been a famous horse rider. I would like to achieve an award in dancing and I would like to be an actress. My dream place to live in would have to be Hollywood. By the time I'm 60 I would like to have achieved most of the things I wrote down."

Josi

"In 50 years I hope to be married with two kids, been a secretary in an office, be living in our house now with a convertible Mustang and be relaxing with my husband."

Phoebe

"I would like three kids, be married, I will also like to be a person who can teach people how to read braille.

I hope I will be alive then."

Emma

"In 50 years I would like to be in the Police Force or the Army, play netball, inherit our farm, I might get married. If I do I will have kids."

Claire - 11 years

"In 2053 I hope I have followed my dreams and travelled the world and kept in touch with my friends. And have had a sports car and five cats."

Michael - 11 years

"My hopes for the future would be for me to be a successful programmer. My aspiration would be to design an operating system for a new computer system."

Kate

"I would like to be a Beef Shorthorn stud groomer on the mainland. I will live in a modern country house with a husband and two kids, a boy and girl."

Samuel - 7 years

"In 2053 I will be 57 and I will play for Essendon and be number 18 which is Mathew Lloyd's number. I will be married and have two kids. I will like it."

Georgia - 11 years

"In 2053 I wish for talking desks and hovercraft designed wheelchairs for the elderly. There will be money trees so that people won't be poor and there will be no homeless people."

The Hon Judy Jackson MHA

Attorney General, Minister for Justice and Industrial Relations,
and Minister for Environment and Planning
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 30th June 2003.

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

Yours faithfully,



Ann Cunningham
Acting Chairperson
The Board of The Public Trustee



Peter Maloney
Chief Executive Officer
The Public Trustee

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Responsible Minister

The Public Trustee is directly responsible to the Attorney General & Minister for Justice and Industrial Relations, and Minister for Environment and Planning 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.

ACTING CHAIRPERSON'S REPORT



"The year in which The Public Trustee celebrated its 150th birthday, the organisation achieved a good financial result - a net operating profit after tax of \$693,528"

I am pleased to present the Annual Report for The Public Trustee for the year ending 30th June 2003.

The year in review has been one of change for the organisation as it celebrated its 150th anniversary and welcomed a new Chairperson and Chief Executive Officer.

I am pleased to report that in the year in which The Public Trustee celebrated its 150th birthday, the organisation achieved a good financial result - a net operating profit after tax of \$693,528, compared to \$161,293 last financial year.

The significantly higher profit than the previous year resulted from improved real estate conditions, which saw an increase in the valuation of a property owned by The Public Trustee, and a four percent increase in revenue, resulting from, in particular, an increase in capital commission.

On the basis of this financial result, The Public Trustee will pay a dividend to the Tasmanian Government of \$346,764.

A review of the year would not be complete without reference to the hard work of everyone at The Public Trustee who made our 150th celebrations such a success. The anniversary was an opportunity to acknowledge the past contribution of The Public Trustee to the Tasmanian community and look forward to its continuing, important role in a changing world.

The celebrations started with a public launch and ended with the sealing of a time capsule, both of which were conducted by the Attorney-General, the Honourable Judy Jackson MHA, for which we thank her.

It is an extraordinary achievement for an organisation to be in existence for 150 years. To put it in context, transportation of convicts to Tasmania ceased in the same year the organisation was established as the Curator of Intestate Estates. In that time, The Public Trustee has continued to provide a valuable service to the Tasmanian community. In acknowledging this achievement, I must pay tribute to past and present employees of The Public Trustee.

In reviewing the 2002-2003 year, I would like to acknowledge the hard work and commitment of my fellow Board members. During the year, the Board experienced an increased workload including the formation of sub-committees outside the normal schedule of Board meetings. This was due to the number of major issues which confronted the Board throughout the year. My thanks to my fellow Board members for their thoughtful contribution to deliberations on these important issues.

"Our 150th anniversary gives us an opportunity to not only acknowledge our past but to move towards the future with clear vision and creativity"

The year 2002-2003 saw some major changes at the Board level of The Public Trustee.

The Chairperson since 2001 Mr Peter Maloney, resigned to become the Chief Executive Officer in February 2003. The replacement Chairperson was Mr Stephen Morton. However, Stephen was not long in the position when ill health led to his resignation in August 2003.

I want to thank Stephen for his contribution to The Public Trustee, even though his tenure as Chairperson was brief. I also want to thank Peter Maloney for his expert guiding hand as Chairperson of The Public Trustee since 2001. Peter's appointment to the position of CEO allows him to implement much of the policy that he was instrumental in developing as a director and later Chairperson of the Board. Peter has assumed the role with much vigour and enthusiasm.

We welcomed Jennifer Milne's appointment as a Director. Jennifer brings to the Board her expertise as a Principal Policy Analyst in the Economic Policy Branch of the Department of Treasury and Finance.

My thanks too, for the work of our Audit Committee, chaired by Elizabeth Thomas, and the Investment Committee, chaired by John Fisher.

In thinking about the past, one is automatically drawn into thinking about the future. Our 150th anniversary gives us an opportunity to not only acknowledge our past but to move towards the future with clear vision and creativity. For The Public Trustee, our future operating environment is an increasingly complex one, because of the way our society is evolving. Not only is the Tasmanian population an ageing one, but also it will live longer. This poses challenges to the organisation, not only in relation to numbers and types of clients, but also in the way we deliver our services.

This year the Directors of the Board joined with the Executive Management Team of The Public Trustee in a facilitated corporate planning workshop to identify the goals and strategies of the organisation to take it forward over the next three years. This identified growth in revenue and business is the priority over the next three years whilst maintaining high standards of service to our clients.

The demographic trends within the Tasmanian community will ensure that The Public Trustee will remain of central importance to the lives and wellbeing of Tasmanians.

In this challenging scenario for The Public Trustee and its employees, I have every confidence that their drive, professionalism, and energy will ensure that our clients continue to receive the best possible service.



Ann Cunningham
Acting Chairperson
Board of The Public Trustee

CHIEF EXECUTIVE OFFICER'S REPORT



*"In the year in review,
The Public Trustee overall
achieved 98% of all
service standards"*

I am pleased to be able to present my first report as Chief Executive Officer of The Public Trustee.

As formerly the Chairperson of the Board of The Public Trustee I have now been entrusted with an operational mission to lead The Public Trustee into the future and implement policies, which will be in the best interests of both our clients and the organisation. Through my association with The Public Trustee I have come to recognise that it plays a fundamentally important role in the welfare of the Tasmanian community. It is a particularly great honour to be appointed Chief Executive Officer in the 150th anniversary year of The Public Trustee.

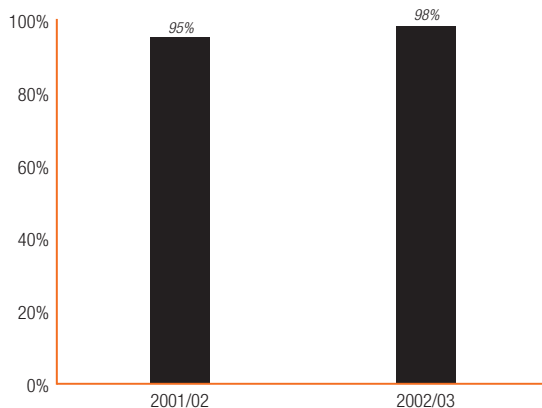
It is pleasing to note the financial performance of the organisation in the year in review and in particular the level of dividend payment to the Tasmanian Government. However, I am aware that the performance of the organisation is not simply measured in financial performance or return to Government. The organisation is also measured in terms of the contribution it makes to the Tasmanian community, in particular its work as a trustee and the contribution that that makes to the welfare of the Tasmanian community.

In order to measure our performance, The Public Trustee has developed standards and benchmarks and a survey of estate beneficiaries.

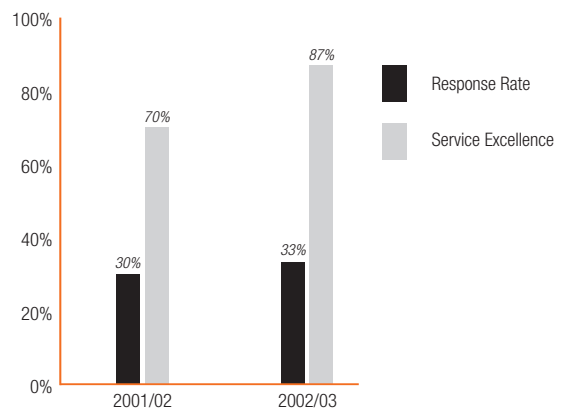
I am very pleased to report that in the year in review The Public Trustee overall achieved 98% of all service standards which is a particularly pleasing result. This is a high achievement and reflects well on the efforts of the organisation and its team.

The survey of client satisfaction enables us to compare our performance against standards, which are based on professionalism, courtesy, timeliness and communication.

Client Service Performance Standards



Client Surveys

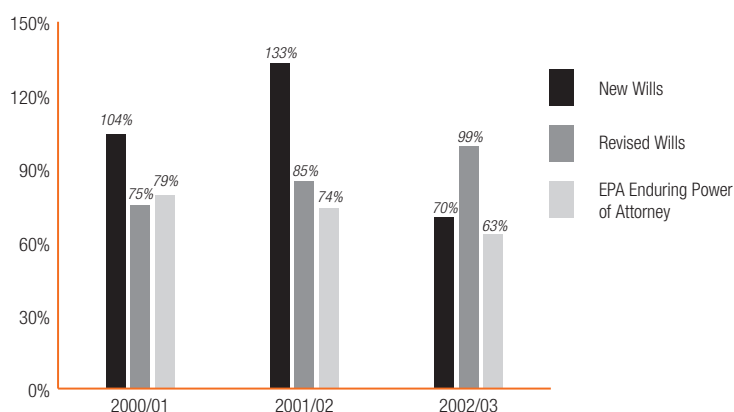


In the year in review, 880 surveys were sent out with a 33% response rate. 87% of respondents assessed our service as either above average, good or excellent.

The Tasmanian community expects a high quality professional service from The Public Trustee and these results in relation to our clients' satisfaction are extremely pleasing.

In relation to our business operation, this year has been one of consolidation on the gains that have been made in previous years. The Public Trustee markets itself as an estate and trust administration specialist. In this core business operation there has been a 5% growth in new business. We achieved 70% of the new will target and 99% and 63% respectively of the revised will and enduring power of attorney targets. Strategies will be implemented in 2003/2004 to improve our performance against the new will and enduring power of attorney targets. The performance against the revised will target is very pleasing. This reflected a 3.5% increase in revised wills over the previous year, which is a key indicator of retained business and therefore client satisfaction with our service.

Performance Against Targets



Some key initiatives were completed during the year in review

A review of the organisation's funds management, and in particular the organisation's Equity and Fixed Interest Group Investment Funds, was completed with the assistance of outside consultants. Implementation of the outcomes of that review will be completed in 2003/2004.

- the first two phases of the review of The Public Trustee's fees and charges were completed. The Public Trustee's fees and charges have remained unaltered since 1992. The outcome of those two phases will be implemented in 2003/2004
- a review of The Public Trustee's capital adequacy was completed. The recommendations of that review were taken into account when framing the Corporate Plan for the three years commencing 2003/2004
- the organisation has identified the need for a business continuity management plan. The first phase of that project has been completed. An action plan has been developed identifying all risks and actions to mitigate them. The next phase, which will include a business continuity plan and a disaster recovery plan, will be implemented in the 2003/2004 year.

It was also another busy year in relation to community education, with a 36% increase in the number of seminars held around the State. This resulted in a 25% increase in the number of attendees compared with last year.

The highlight of the year, so far as the organisation was concerned, was the 150th anniversary celebrations. At 150 years of age we have been able to look back and commemorate with pride the work of The Public Trustee. As the Acting Chairperson has stated in her report, it is an extraordinary achievement for a Tasmanian organisation to be in existence for that length of time.

One of the major aspects of the celebrations was a time capsule involving a partnership with the Department of Education in which all Tasmanian primary school children were invited to write a short personal message about their dreams, hopes and aspirations for the next 50 years.

The time capsule was taken to schools in the south, north and north-west of the State and captured the imagination of many Tasmanian primary school children who have lodged their own personal messages.

More than 500 personal messages were received and these were sealed in the time capsule together with other items reflecting the present culture, people, policies and procedures of The Public Trustee.

When the capsule is opened in 50 years time I hope that many of this year's young contributors will be there for the occasion and that their dreams have been fulfilled in the intervening years.

Around the time capsule was built an entire program of commemorations and marketing including print media advertising and the development of a television commercial. The purpose of this advertising was to raise awareness of The Public Trustee's central role in the lives of Tasmanians for the last 150 years. In addition a 150th anniversary logo was developed, banners displayed on buildings and a commemorative medal struck for presentation to all current employees.

A regional program of visits was developed and will be implemented throughout the State in 2003/2004.

I would like to express my appreciation for the work of all members of the team at The Public Trustee who contributed to the success of the anniversary.

The Public Trustee was also active in the community in other ways with our sponsorship of a Tasmanian icon, the Australian Rosny Children's Choir, as part of our 150th Anniversary celebrations.

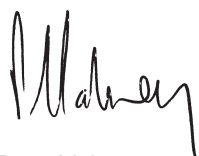
As part of that sponsorship the Choir performed at a concert for Seniors' Week and will also conduct Christmas concerts at various nursing homes.

Previous reports have commented upon the importance of receiving full funding from the Government in relation to the community service obligations undertaken by The Public Trustee. This is a vital contributor to the financial results of the organisation. The current three year agreement expired on 30th June 2003 and is currently being renegotiated. In the meantime, it has been extended for a further 12 months to allow those negotiations to be completed.

I would like to pay tribute to the team at The Public Trustee for their dedication and commitment to providing a professional service to the clients of The Public Trustee. The results achieved in the year in review are a direct result of their efforts and I acknowledge them and thank them for it.

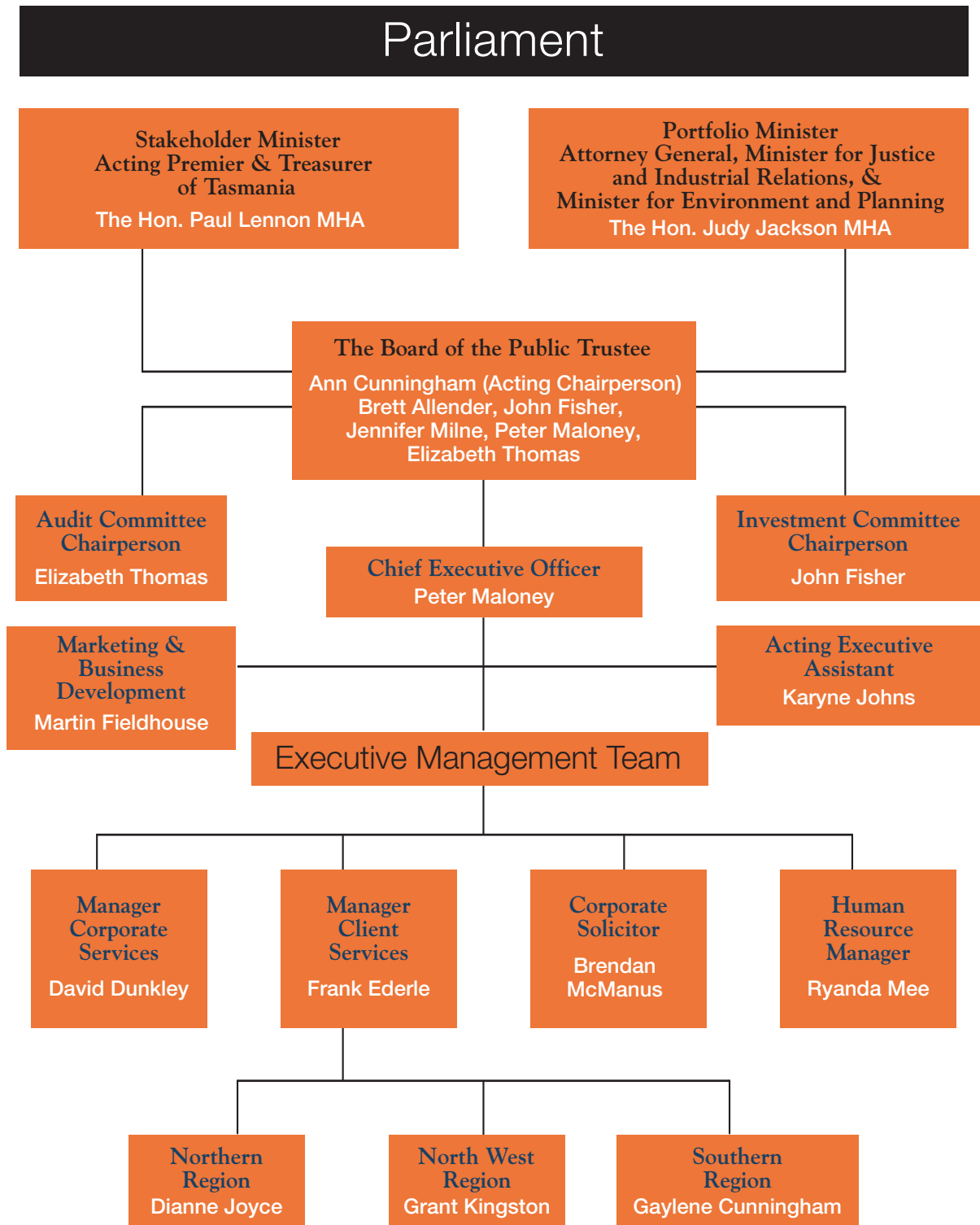
I would also like to thank Stephen Morton for his support of me in the short time that he was Chairperson of the Board. It is unfortunate indeed that Stephen resigned and I wish him all the best for the future. I also look forward to working with a new Chairperson when that appointment is made.

After 150 years of service to the community we can reflect on the significant changes that have occurred in the organisation over that time. The Public Trustee is now a commercially and client focused Government Business Enterprise providing specialist estate and trust administration services to the community. I am confident that the organisation can build on its achievements and continue to provide high quality trustee services to the Tasmanian community.



Peter Maloney
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, and Minister for Environment and Planning) 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 the day to day management of the business and oversight of the implementation of strategies approved by the Board in the strategic plan to the Chief Executive Officer.



Ann Cunningham

Acting Chairperson of the Board of The Public Trustee since August 2003

Board Member of The Public Trustee since April 2000

Member of the Audit Committee

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.



Peter Maloney

Board Member of The Public Trustee since August 1996

Member of the Investment Committee - August 1996

Chairperson of the Board of The Public Trustee May

2001 - February 2003

Appointed Chief Executive Officer of the Public Trustee - February 2003

Mr Maloney is a barrister and solicitor, and formerly Director of the Office of Legislative Development and Review with the Department of Justice and Industrial Relations. After seven years of Board experience at The Public Trustee, and an extensive background in senior government administration, Mr Maloney brings his professional experience and expertise to his new role as The Public Trustee's Chief Executive Officer.



Jennifer Milne

**Board Member of The Public Trustee since February 2003
Member of the Audit Committee**

Ms Milne is a Principal Policy Analyst in the Economic Policy Branch of the Department of Treasury and Finance.



Stephen Morton

**Board Member of The Public Trustee - February 2003 to August 2003
Chairperson of the Board of The Public Trustee - February 2003 to August 2003**

Mr Morton has a Bachelor of Economics and is registered as a Fellow with the Australian Society of Certified Practising Accountants. Mr Morton is also Chair of Tasea Enterprises Ltd, a marketing company owned by Tasmanian oyster and mussel farmers.



Brett Allender

**Board Member of The Public Trustee since August 2001
Member of the Investment Committee**

Mr Allender brings 20 years experience in Australian financial markets to The Public Trustee. He is currently a Partner and Executive Director of the international investment bank Goldman Sachs J B Were Limited.



Elizabeth Thomas

**Board Member of The Public Trustee since September 1995
Member of the Investment Committee until February 2003
Chairperson of the Audit Committee - March 2003**

As the former Chief Executive Officer of The Public Trustee, Ms Thomas brings her industry knowledge and management expertise to the Board and the audit committee. Ms Thomas now works as a consultant specialising in strategic planning, business development and management training.



John Fisher

**Chairperson of the Investment Committee
Member of the Audit Committee until March 2003
Board Member of The Public Trustee since August 1996**

Mr Fisher is the General Manager, Development Projects for the Department of Economic Development. His responsibilities are broadly spread across the state's investment attraction and job creation activities.

He has held directorships on the boards of Australian Weaving Mills Pty Ltd, Antarctic and Southern Ocean Science Centre Pty Ltd, Antarctic Climate and Ecosystems Cooperative Research Centre and is a member of the investment advisory committee for First Tasmania Investments Limited, a local venture capital fund manager.



CELEBRATING 150 YEARS OF SERVICE TO THE TASMANIAN COMMUNITY

The Public Trustee was the first office of its kind to be established in Australia. In this Annual Report, we look back at the origins of The Public Trustee as it celebrates its 150th anniversary in 2003.

Why did it all begin?

The effect of dying without a will today is the same as it was in 1853.

When a person dies without a will there is no legal personal representative to take charge of their property or to settle the accounts left by that person and they are said to have died “intestate”.

As many of the early settlers to the Colony had arrived from England, the possible beneficiaries of those persons who had died without a will in Van Diemen's Land had little, or in some cases, no access to the details of the deceased estates.

To overcome the problem the then Governor, William Denison, established the office of the Curator of Intestate Estates who was appointed under the *Deceased Persons Estates Act 1853* to deal with the property of intestates who had no legal representative in the Colony.

The Curator was then in a position to prepare returns detailing the assets and liabilities of the intestate estates, which were published in the *London Gazette*, so that possible beneficiaries in England had access to the information.

Some Early Examples

All of the following people died in Tasmania without a will and their estates were some of the first to be referred to the Curator in 1853:

- Ticket-of-Leave man Richard Hyder, murdered on the Kangaroo Point Road on his way home to Richmond. John McConnon 'without a shadow of a claim' sought to get possession of Hyder's property.
- John Withers, the keeper of a small shop at Longford, who gave verbal instructions for his debts to be paid, and the remainder to be donated to the Wesleyan Church for charitable purposes. His wife, a woman of “drunken and bad habits”, had left him many years ago.
- William Cullen, who disappeared en route from Launceston to Hobart, leaving his possessions unclaimed at Emu Bay.
- William Daniels, transferred to the General Hospital after being found by the Police in a miserable lodging house in Bathurst Street, dying from a ruptured bladder. His medical and funeral expenses were charged to Colonial Funds pending repayment from Mr Daniels' estate.

Our Link to Tasmania's History

The first Curator of Intestate Estates was also the Registrar of the Supreme Court - he was William Sorell, son of a former Lieutenant-Governor of Van Diemen's Land.

The creation of the Office of Curator of Intestate Estates came at an interesting period in Tasmania's history. 1853 also saw the end of the transportation of convicts to the Colony, a vital step in its move towards self-determination. The Colony was granted self-government in 1856 and in recognition of its new status the name was changed from Van Diemen's Land to Tasmania.

By the *Public Trust Office Act 1912*, the Curator of Intestate Estates became the Public Trustee. This was not merely a change in name but also an expansion of the functions of the Office. Under the new legislation, the Public Trustee was able to provide an administration service on request for the estates of deceased persons whether they died with or without a will.

The first Public Trustee was Hector Ross, who was also the Sheriff of the Supreme Court. The Office remained a branch of the Sheriff's Department until 1924 when it became a separate department - the Public Trust Department.

The Curator of Intestate Estates and his successor, the Public Trustee, had traditionally occupied offices in the Supreme Court building at the corner of Murray and Macquarie Streets in Hobart.

In 1928, the Public Trust Office moved to Bursary House in Elizabeth Street, Hobart. This property had been built as an investment property for the Bursaries Board, an adjunct of the Education Department, which used the income from its investments to fund bursaries enabling pupils to continue to secondary education. The Public Trust Office acted as managing trustee of this fund as well as renting office space in the building.

The Second World War

In the early years of the war, Hobart seemed far from the field of battle, but the fall of Singapore and the Japanese air raids on Darwin brought it that much closer to home.

In 1942 air raid precautions were stepped up and a blackout was introduced in Hobart. Road signs were removed and rationing was introduced.

In the interests of public safety, the Supreme Court Registry and the Public Trust Office were moved from their vulnerable locations close to the waterfront to North Hobart. The Public Trust Office moved into Mimosa, formerly the home of Dr Harry Benjafield, an orchardist and real estate entrepreneur as well as a pioneer in homeopathic medicine.

The Office remained at Mimosa until their present premises in Murray Street, Hobart, were built in 1990.

Unusual Implications of Technology

In dealing with the estates of deceased persons, The Public Trustee has had to deal with the ramifications of modern developments in reproductive technology.

A man who died intestate in 1995 left four surviving children and two frozen embryos, created while he and his partner were on an IVF program. These embryos were implanted after his death and The Public Trustee was left with the task of determining the inheritance of the resulting child.

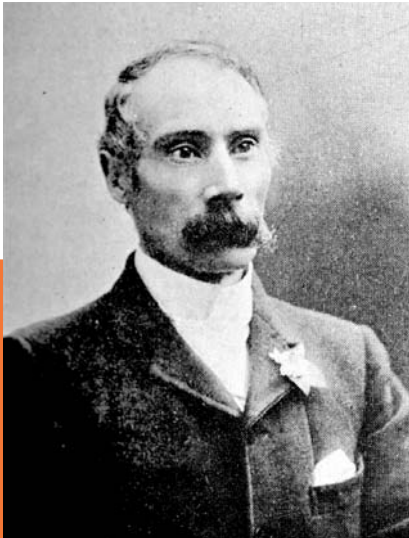
As there was no legal precedent for such a case anywhere in the world, The Public Trustee sought a Supreme Court ruling. Justice Pierre Slicer handed down a landmark decision, ruling that the child had the same rights to inherit its father's estate as a child conceived naturally.

The Public Trustee today

Today, 150 years later, The Public Trustee has successfully made the transition from a Government Department to become a commercially driven, self-funding and client focused Government Business Enterprise.

The Public Trustee now competes in the market place with solicitors and the private trustee industry in the delivery of quality independent trustee services to the Tasmanian community.

Since its establishment, The Public Trustee has continued to evolve and change with the times. In an increasingly complex world, where society and relationships are changing and people are living much longer, there is an established and growing role for The Public Trustee to continue to provide a service which offers peace of mind and security to its clients.



HECTOR ROSS - First Public Trustee

Hector Ross was born at Hobart in 1854, the son of well-known Battery Point shipbuilder John Ross. He taught at Hutchins School before becoming Registrar of the Court of Requests in 1892.

In 1899 he was appointed to the dual role of Sheriff and Curator of Intestate Estates. When the Curator's office became the Public Trust Office under the *Public Trust Office Act 1912*, Hector Ross became Tasmania's first Public Trustee.

In 1929, after 32 years in the Public Service, Ross retired to Cambridge where he died at his home, Lynrowan, on 11th October 1937.

Among the many tributes received by Ross following his retirement was a letter from the then Premier, Joseph Lyons, who made reference to the "efficient and tactful manner in which he had carried out his duties as Public Trustee".

Hector Ross was married to Hannah Facy and the couple had five children.

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.

Strategic initiatives contained in the 2003-04 to 2005-06 corporate plan focus on:

- building the business base to ensure the commercial success of The Public Trustee as a Government Business Enterprise
- business process analysis and re-engineering 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 fund 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	2003-2004	2004-2005	2005-2006
Return on Tangible Assets*	5.0%	4.4%	4.7%
Return on Tangible Equity	22%	18%	17%
Net Tangible Equity to Tangible Assets Ratio	18%	20%	22%
Net Profit before tax (\$'000s)	345	315	345
Shareholder Value Added (\$'000s)	237	199	215
Debt to Equity Ratio	N/A	N/A	N/A
Interest Cover Ratio	N/A	N/A	N/A

*The notional income from the \$5M 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.

	2003-2004	2004-2005
	\$'000s	\$'000s
Dividends	132	122
Income tax equivalent payments	80	70
Guarantee fees	0	0
TOTAL	212	192
Dividend payout ratio	50%	50%
Distributions ratio	61%	60%

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 2002 – 2003 were:

	Corporate Plan Target 2002-2003	Actual for 2002-2003
Return on Assets (1)		
Earnings before interest & Tax / Total Assets	4.5%	8.6%
Return on Equity (2)		
Earnings after Tax / Net Assets	22%	24%

The notional income generated from the \$5.0M provision for retirement benefits flows through to the provision and has the effect of reducing the stated return on assets.

Future income tax benefits represented 18% of total assets and 51% of net assets as at 30th June 2003 and have the effect of reducing the return on assets and profit to equity ratios.

Payments to Consolidated Fund

The Public Trustee's payments to the Consolidated Fund for 2002-2003 compared with the previous year were:

	2002-2003	2001-2002
Dividend	Nil	\$122,321
Income Tax Equivalent Payment	\$134,374	Nil
Guarantee Fee	Nil	Nil
TOTAL	\$134,374	\$122,321

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 2003-2004 are:

Guarantee Fee	Nil
Income Tax Equivalent Payment	\$79,500
Dividend	\$132,750
TOTAL	\$212,250

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 2003 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 2003 The Public Trustee employed 46 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 2003, matters classified as community service obligations accounted for 59% 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, 98% of the performance bonus was paid. Total community service obligation funding received by The Public Trustee in 2002-03 was \$660,845.

SUPERANNUATION CERTIFICATE

I, Ann Cunningham, Acting 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.

- Retirement Benefits Fund Board
- Perpetual Tasmania Superannuation Trust
- Fiducian Life Superannuation
- Morton Wilson Pty Ltd Super Fund No 1
- Super Samma NPS Fund
- Quadrant Super Scheme



Ann Cunningham
Acting Chairperson
Board of The Public Trustee

FINANCIAL
STATEMENTS
2002 - 2003

STATEMENT OF FINANCIAL PERFORMANCE

For the Year Ended 30th June 2003

	NOTE	2003 \$	2002 \$
REVENUE FROM ORDINARY ACTIVITIES			
		\$	\$
Commission and fees		3,446,468	3,315,886
Funding of community service obligations		660,845	659,733
Income from investments	3	282,591	269,518
Write back of prior year's real estate revaluations		483,500	0
Total revenue from ordinary activities		4,873,404	4,245,137
EXPENSES FROM ORDINARY ACTIVITIES			
Salaries and associated expenses		2,035,699	1,926,114
Provisions for employee benefits		792,224	565,286
Accommodation expenses		94,826	87,634
Depreciation		82,408	86,562
Administration expenses		1,117,117	1,118,989
Adjustment to prior year's RBF provisions		0	476,159
Total expenses from ordinary activities		4,122,274	4,260,744
PROFIT (LOSS) from ordinary activities before income tax expense (benefit)		751,130	(15,607)
Income tax expense (benefit) relating to ordinary activities	21	57,602	(176,900)
Net profit (loss) from ordinary activities after related tax expense		693,528	161,293
Income tax revenue from future tax benefits not previously recognised		0	117,484
Income tax revenue resulting from an adjustment of future tax benefits on entry to the National Tax Equivalent Regime		0	1,193,172
TOTAL CHANGES IN EQUITY, other than those resulting from transactions with owners as owners		693,528	1,471,949

STATEMENT OF FINANCIAL POSITION

As at 30th June 2003

	NOTE	2003	2002
CURRENT ASSETS		\$	\$
Cash assets	4	3,610,650	2,849,500
Receivables	5	278,913	384,480
Other	6	78,095	29,532
TOTAL CURRENT ASSETS		3,967,658	3,263,512
NON-CURRENT ASSETS			
Property, plant and equipment	7	3,732,791	3,311,333
Future income tax benefit	21	1,659,767	1,551,223
TOTAL NON-CURRENT ASSETS		5,392,558	4,862,556
TOTAL ASSETS		9,360,216	8,126,068
CURRENT LIABILITIES			
Payables	8	440,207	381,193
Current income tax liability	21	95,102	20,651
Provisions	9	1,788,835	1,376,909
TOTAL CURRENT LIABILITIES		2,324,144	1,778,753
NON-CURRENT LIABILITIES			
Provisions	10	3,805,576	3,767,669
Deferred income tax liability	21	337	43,015
TOTAL NON-CURRENT LIABILITIES		3,805,913	3,810,684
TOTAL LIABILITIES		6,130,057	5,589,437
NET ASSETS		3,230,159	2,536,631
EQUITY			
Retained profits	11	3,230,159	2,536,631
TOTAL EQUITY		3,230,159	2,536,631

STATEMENT OF CASH FLOWS

For the Year Ended 30th June 2003

	NOTE	2003	2002
CASH FLOWS FROM OPERATING ACTIVITIES			
		\$	\$
Receipts from clients & Common Fund		4,449,139	4,114,898
Payments to employees and suppliers		(3,531,018)	(3,422,250)
Dividend paid		0	(122,321)
Income tax equivalents paid		(134,374)	0
NET CASH PROVIDED BY OPERATING SERVICES	18	783,747	570,327
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in investment in Common Fund		(750,000)	(500,000)
Payments for property, plant & equipment		(22,597)	(72,125)
Proceeds from sale of property & equipment		0	0
NET CASH USED IN INVESTING ACTIVITIES		(772,597)	(572,125)
Net increase (decrease) in cash held		11,150	(1,798)
Cash at the beginning of the year		249,500	251,298
CASH AT THE END OF THE YEAR	18	260,650	249,500

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.

This financial report is a general purpose financial report and has 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 are consistent with those of the previous financial year except as set out in Note 2.

(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 2003. However in accordance with an agreement for The Public Trustee to perform certain Community Service Obligations on behalf of the Government, fee income of \$660,845 (2002: \$659,733) 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.

(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 no depreciation is charged.

Note 6 provides further details of non current assets.

(f) LEASED ASSETS

Leases under which The Public Trustee assumes substantially all the risks and benefits of ownership are classified as finance leases. Other leases are classified as operating leases.

Finance Leases

A lease asset and a lease liability equal to the present value of the minimum lease payments are recorded at the inception of the lease. Lease liabilities are reduced by repayments of principal. The interest components of the lease payments are expensed.

Operating Leases

Payments made under operating leases are expensed on a straight line basis over the term of the lease, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property.

(g) VALUATION OF LAND AND BUILDINGS

Freehold land and buildings on freehold land are measured on a fair value basis, being the amount for which the assets could be exchanged between knowledgeable and willing parties in an arm's length transaction.

Potential capital gains tax is only taken into account if the asset is held for sale.

(h) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable or payable is included as a current asset or liability in the statement of financial position.

(i) EMPLOYEE ENTITLEMENTS

Provision is made for employee benefit entitlements accumulated as a result of employees rendering services up to the reporting date. The benefits include wage and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflows using market interest rates for terms of maturity approximating the terms of the related liability.

All calculations of liabilities for employee benefit entitlements include on-costs of payroll tax, workers compensation insurance and superannuation.

Sick leave entitlements are non-vested. On the basis of the low level of usage previously experienced by The Public Trustee, the liability for sick leave is not material and no provision has been made.

NOTE 2: CHANGES IN ACCOUNTING POLICY

(a) EMPLOYEE BENEFITS

(1) The liability for annual leave and long service leave has been calculated using the remuneration rates expected to be paid at reporting date, not the remuneration rates current at reporting date.

(2) The liability for annual leave and long service leave includes the superannuation costs expected to be incurred during the periods of leave accrued as at reporting date. Superannuation costs were not previously included in the calculation of the liability.

(b) PROVISION FOR DIVIDENDS

Dividends are now recognised at the time they are determined. Previously, dividends were recognised in the financial year to which they related.

The comparative amounts have not been restated as the Directors do not believe that the difference arising from the changes is material.

NOTE 3: INCOME FROM INVESTMENTS

	2003 \$	2002 \$
Income from the Common Fund	112,607	82,624
Rental income	169,984	186,894
	282,591	269,518

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 4.

NOTE 4: CASH ASSETS

	2003 \$	2002 \$
Cash on hand	1,050	1,250
Investment in Common Fund	3,609,600	2,848,250
Total cash assets	3,610,650	2,849,500

The Investment in the 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:

	2003 %	2002 %
Loans on first mortgage	1	13
Term deposits	28	75
Cash management account	70	12
Investment property	1	1
Cash at bank	0	-2
Other	0	1
	100	100

NOTE 5: CURRENT RECEIVABLES

	2003 \$	2002 \$
Trade debtors	278,913	384,480
Total receivables	278,913	384,480

Trade debtors are expected to settle within 90 days.

NOTE 6: OTHER CURRENT ASSETS

	2003 \$	2002 \$
Prepayments	56,267	0
Rent inducement, less amortisation	21,828	29,532
Total other current assets	78,095	29,532

NOTE 7: PROPERTY PLANT AND EQUIPMENT

	2003 \$	2002 \$
Freehold land at fair value	875,500	790,000
Buildings on freehold land at fair value	2,673,000	2,275,000
	3,548,500	3,065,000
Improvements to buildings, at cost	399,552	399,552
Accumulated depreciation	320,976	292,919
	78,576	106,633
Fixtures, furniture and equipment, at cost	667,732	645,135
Accumulated depreciation	562,018	505,435
	105,714	139,700
Total property plant and equipment	3,732,790	3,311,333

The fair values of freehold land and of buildings on freehold land have been determined by Directors based on independent valuations at balance date adjusted for forecast disposal costs.

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

	2003 \$	2002 \$
Freehold land:		
Balance at beginning of year	790,000	790,000
Revaluation increment	85,500	0
Balance at end of year	875,500	790,000
Buildings on freehold land:		
Balance at beginning of year	2,275,000	2,275,000
Revaluation increment	398,000	0
Balance at end of year	2,673,000	2,275,000
Improvements to buildings:		
Balance at beginning of year	106,633	143,118
Depreciation	(28,057)	(36,485)
Balance at end of year	78,576	106,633
Fixtures, furniture and equipment:		
Balance at beginning of year	139,700	118,923
Acquisitions	22,597	72,124
Depreciation	(56,583)	(51,347)
Balance at end of year	105,714	139,700

Depreciation of plant and 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 8: CURRENT PAYABLES

	2003 \$	2002 \$
Creditors	440,207	381,193
Total current payables	440,207	381,193

Trade creditors are normally settled within 30 days.

NOTE 9: CURRENT PROVISIONS

	2003 \$	2002 \$
Annual leave	218,049	208,738
Long service leave	300,158	224,461
Retirement benefits	1,270,628	943,710
Total current provisions	1,788,835	1,376,909

Information relating to employee retirement entitlements is provided at Note 17.

NOTE 10: NON-CURRENT PROVISIONS

	2003 \$	2002 \$
Long service leave	93,272	75,405
Retirement benefits	3,712,304	3,692,264
Total non-current provisions	3,805,576	3,767,669

Information relating to employee retirement entitlements is provided at Note 17.

NOTE 11: RETAINED PROFITS

	2003 \$	2002 \$
Retained profits at the start of the year	2,536,631	1,064,682
Net profit for the year	693,528	161,293
Prior year tax benefits recognised	0	1,310,656
Retained profits at the end of the year	3,230,159	2,536,631

NOTE 12: 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 13: REMUNERATION OF DIRECTORS

The Directors in office during the year to 30th June 2003 were Ms E.F. Thomas, Mrs A.F. Cunningham and Ms J.F. Milne and Messrs P.M. Maloney, J.R. Fisher, B.S. Allender and S.S. Morton.

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 2003 was \$187,188 (\$170,326 for 2001-2002). The total amount paid to superannuation plans on behalf of Directors during the period was \$18,919 (\$19,644 for 2001-2002).

NOTE 14: 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 2003.

NOTE 15: CREDIT AND LOAN FACILITIES

The Public Trustee maintained no used or unused credit standby arrangements or loan facilities as at 30th June 2003.

NOTE 16: RELATED PARTY TRANSACTIONS

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

NOTE 17: PROVISION FOR RETIREMENT 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 15th May 1999. All other staff are members of an accumulation scheme.

- The State Actuary conducts an annual 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:

	2003 \$	2002 \$	Change
Vested benefits	7,824,000	7,144,592	9.5%
Accrued benefits	6,628,714	6,037,599	9.8%
Less RBF assets	1,645,782	1,401,625	17.4%
Deficit	4,982,932	4,635,974	7.5%
Classified as:			
Current	1,270,628	943,710	
Non-current	3,712,304	3,692,264	
Total	4,982,932	4,635,974	

NOTE 18: 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 4 as follows:

	2003 \$	2002 \$
Cash on hand	1,050	1,250
Cash investment in Common Fund	259,600	248,250
Cash at the end of the year	260,650	249,500
Cash investment in Common Fund	259,600	248,250
Balance of investment in Common Fund	3,350,000	2,600,000
Investment in Common Fund	3,609,600	2,848,250

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

	2003 \$	2002 \$
Operating profit (loss)	751,130	(15,607)
Depreciation expense	82,408	86,562
Increase in provisions for employee benefits	449,833	713,508
Increase in creditors	59,014	38,424
(Increase) decrease in debtors	49,299	(104,846)
Income tax equivalents paid	(134,374)	0
Dividend paid	0	(122,321)
Write back of real estate valuation	(483,500)	0
Sundry	9,937	(25,393)
	783,747	570,327

NOTE 19: LEASING COMMITMENTS

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

	2003	2002
	\$	\$
Amounts payable not later than 1 year	53,350	28,679
Payable later than 1 year and less than 5 years	67,192	5,412
Total amounts payable	120,542	34,091

NOTE 20: AUDITOR'S REMUNERATION

Amounts due for the audit of financial reports:

	2003	2002
	\$	\$
Tasmanian Audit Office	15,940	15,520

No other services were provided by Tasmanian Audit Office.

NOTE 21: INCOME TAX EQUIVALENCE

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

	2003	2002
	\$	\$
Operating profit (loss)	751,130	(15,607)
Prima facie tax (benefit)	225,339	(4,682)
Tax effect of permanent differences:		
Building allowance & rent inducement	(22,687)	(33,859)
Accumulated losses not previously recognised	0	(138,359)
Write back of building revaluations	(145,050)	0
Income tax expense (benefit) provided on		
Operating profit	57,602	(176,900)
Comprising:		
Current income tax provision	208,825	20,651
Deferred income tax liability, current year	(15,033)	19,395
Future income tax benefit, current year	(136,190)	(216,946)
	57,602	(176,900)
(b) Provision for current income tax		
Balance at beginning of year	20,651	0
Income tax paid	(20,651)	0
PAYG instalments paid	(113,723)	0
Current year's income tax expense	208,825	20,651
	95,102	20,651
(c) Deferred Income Tax Liabilities		
Timing differences between taxable and accounting income	337	43,015
(d) Future Income Tax Benefits		
Timing differences between taxable and accounting income	1,659,767	1,551,223

NOTE 22: STATEMENT OF TAXATION EQUIVALENTS

	2003	2002
	\$	\$
Operating profit (loss) as per financial statements	751,130	(15,607)
ADD		
Depreciation as per accounts	84,640	86,562
Increase in accrued audit and super provisions	4,131	9,647
Net increase in annual leave provision	9,311	17,524
Net increase in long service leave provisions	93,565	37,250
Net increase in staff retirement provisions	346,958	658,733
Decrease (increase) in accrued rental income	50,921	(52,041)
Rent inducement amortised	7,704	7,708
Leasing fees amortised	0	2,869
TOTAL ADDBACKS	597,230	768,252
DEDUCT		
Tax depreciation	85,448	102,041
Building allowance	83,329	83,329
Write back of property revaluations	483,500	0
Rent inducement recognised	0	37,240
TOTAL SUBTRACTIONS	652,277	222,610
NET INCOME	696,083	530,035
(Accumulated losses at beginning of year)	0	(461,196)
TAXABLE INCOME	696,083	68,839
TAX EQUIVALENT PAYABLE	208,825	20,651

NOTE 23: 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 \$
2003 Financial Assets			
Cash		0	1,050
Investment in Common Fund	4.03	3,609,600	0
Debtors		0	278,913
Total financial assets		3,609,600	279,963
2003 Financial Liabilities			
Creditors		0	440,207
2002 Financial Assets			
Cash		0	1,250
Investment in Common Fund	3.77	2,848,250	0
Debtors		0	384,480
Total financial assets		2,848,250	385,730
2002 Financial Liabilities			
Creditors		0	381,193

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 4.

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 18) is available at call and the balance is available subject to the liquidity of the investments of the Fund.

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 2003 and the state of affairs as at 30th June 2003 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 and Urgent Issues Group consensus views.

Signed in accordance with a resolution of the directors.



Ann Cunningham
Acting Chairperson
The Board of The Public Trustee
5th September 2003



Peter Maloney
Chief Executive Officer
The Public Trustee
5th September 2003



Tasmanian Audit Office

INDEPENDENT AUDIT REPORT

To the Directors of The Public Trustee

Scope

I have audited the financial report of The Public Trustee comprising Statements of Financial Performance, Financial Position Cash Flows, and notes thereto, for the year ended 30 June 2003. The Directors of The Public Trustee are responsible for the financial report. I have conducted an independent audit of the financial report in order to express an opinion on it to the Directors.

The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. My procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the *Government Business Enterprises Act 1995* so as to present a view which is consistent with my understanding of the financial position of The Public Trustee, the results of its operations and its cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In my opinion the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the *Government Business Enterprises Act 1995*, the financial position of The Public Trustee as at 30 June 2003, and the results of its operations and its cash flows for the year then ended.

TASMANIAN AUDIT OFFICE

A J McHugh
AUDITOR-GENERAL

15 September 2003
HOBART

Accountability on Your Behalf

*professional service with
personal care for all
Tasmanians since 1853*

Acknowledgements

Cover image courtesy of the Mercury Newspaper

Image of Hector Ross courtesy Tasmaniana Library, State Library of Tasmania

Image of original office of The Public Trustee courtesy of Allport Library and Museum of Fine Arts, State Library of Tasmania

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.

HOBART

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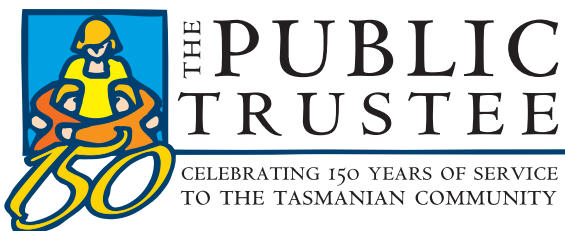
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