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15 MAR 2012

DATE RECEIVED



**Tasmanian
 Government**

Ms A Cunningham
 Chairperson
 The Public Trustee
 GPO Box 1565
 HOBART TAS 7001

14 MAR 2012

Dear Ms Cunningham

Ministerial Charter

We refer to our previous letter in which we provided a draft revised Ministerial Charter for comment.

As we indicated, the revised Ministerial Charter specifies our broad policy expectations for the Public Trustee and embodies the Principles for Strengthening the Oversight and Governance of Government Businesses.

The Ministerial Charter is a stand-alone document that is binding on the Public Trustee and is required to be tabled in each House of Parliament. It is an integral part of the overall governance framework for Government Business Enterprises.

We note that the Chief Executive Office has advised Treasury that the Board has no further comments on the draft Charter. Some minor editorial changes have been made to the Charter based on comments received from other businesses. This includes the removal of section 3.2 'Related Business'.

Attached is a copy of the signed Ministerial Charter which will be tabled in Parliament in the upcoming session.

Yours sincerely

Lara Giddings MP
**Premier
 Treasurer**

Brian Wightman MP
Minister for Justice

Encl



GOVERNMENT BUSINESS ENTERPRISES ACT 1995

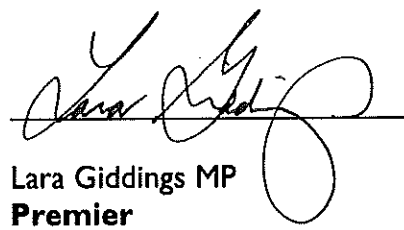
MINISTERIAL CHARTER

JANUARY 2012

PUBLIC TRUSTEE

This Ministerial Charter is jointly approved by:


Brian Wightman MP
Minister for Justice
Portfolio Minister


Lara Giddings MP
Premier
Treasurer

Date: 1/3/12

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I. INTRODUCTION

- This Ministerial Charter has been prepared by the Minister for Justice (Portfolio Minister) and the Treasurer, following consultation with the Public Trustee, in accordance with sections 36 and 37 of the *Government Business Enterprises Act 1995*.
- The Charter sets out the Government's broad policy expectations and requirements for the Public Trustee.
- It should be read in conjunction with the following Acts:
 - *Public Trustee Act 1930 (Portfolio Act)*;
 - *Guardianship and Administration Act 1995*;
 - *Government Business Enterprises Act 1995*;
 - *Trustee Act 1898*; and
 - *Administration and Probate Act 1935*.
- This Charter takes effect from the date it is signed and remains in effect until it is amended or revoked.
- The Charter is to be tabled in Parliament by the Portfolio Minister and published on the website of the Public Trustee.

2. PURPOSE AND STRATEGIC EXPECTATIONS

2.1 Principal Purpose

- The principal purpose of the Public Trustee is to provide independent and professional trustee services to the Tasmanian community, irrespective of the value of any particular matter.

2.2 Principal Objective

- Pursuant to legislative requirements, the Portfolio Minister and the Treasurer expect the Public Trustee to:
 - be a successful business by operating in accordance with sound commercial practice and as efficiently as possible; and
 - achieve a sustainable commercial rate of return in accordance with its corporate plan, having regard to the social and economic objectives of the State, as agreed in writing with the Portfolio Minister and the Treasurer.

2.3 Strategic Expectations

- In undertaking its core business, the Portfolio Minister and the Treasurer expect the Public Trustee to:
 - provide its services in a cost effective and efficient manner while meeting the needs of its clients;
 - build its commercial business within the legislative constraints imposed under the Public Trustee Act;
 - undertake its statutory obligations; and
 - maintain a culture of continuous improvement in business operations, systems and processes.

2.4 Compliance with Government Policies

- In pursuing the strategic objectives in the context of the Government's directions, and undertaking its functions and exercising its powers, the Public Trustee shall act in accordance with:
 - the governance framework for Government businesses;
 - Treasurer's Instructions and guidelines that are applicable to the Public Trustee; and
 - Government policies specifically applying to the Public Trustee as advised by the Portfolio Minister and the Treasurer.

3. NATURE AND SCOPE OF OPERATIONS

3.1 Core Business

- The core business of the Public Trustee is to:
 - provide the general community access to professional advice and service in relation to trustee services including wills, estate administration, trust management and powers of attorney;
 - manage the financial interests of individuals under a legal physical or intellectual disability where the Public Trustee is appointed to act on their behalf;
 - administer estates and trusts, irrespective of their value;
 - invest client funds;
 - invest reserves in accordance with the Government Business Enterprises Act and the Treasurer's Instructions; and

- administer the Portfolio Act.

3.2 Business Presence Outside the State

- The Public Trustee must seek the written approval of the Portfolio Minister and the Treasurer before establishing a business presence outside Tasmania. Any such proposal is to be on the grounds of risk mitigation. Any request must be accompanied by a compelling business case.

3.3 Non-commercial Activities

- The Public Trustee's non-commercial activities are:
 - any activity that has been declared a community service obligation by the Treasurer; and
 - any activity that the Portfolio Minister and the Treasurer agree would be non-commercial and direct the Public Trustee to perform.
- Non-commercial activities are listed in Schedule I of this Charter.
- Where the Public Trustee is required to perform non-commercial activities, those activities are to be:
 - performed in an efficient and effective manner; and
 - costed and funded in accordance with arrangements as agreed with the Treasurer. If no arrangement is in place, the non-commercial activity is to be funded by the business.

4. FINANCIAL AND COMMERCIAL MANAGEMENT EXPECTATIONS

4.1 Financial Performance

- The Portfolio Minister and the Treasurer expect the Public Trustee to:
 - meet its financial and commercial targets, including target dividends, as set out in the annual Statement of Corporate Intent agreed with the Portfolio Minister and the Treasurer. Target dividends are to be agreed during the corporate planning process.
 - implement the business strategies contained in the Corporate Plan in order to meet the agreed long term performance targets for the organisation, consistent with the Government's expectations;
 - be proactive in identifying and implementing operational efficiencies and productivity measures to enhance financial performance; and
 - keep the Portfolio Minister and the Treasurer, and the Department of Treasury and Finance (Treasury), as principal financial advisor to the

Treasurer, informed of any significant issues impacting on the business, especially its financial performance targets.

4.2 Customer Service

- In delivering its services, the Portfolio Minister and the Treasurer expect the Public Trustee to take account of contemporary practice and other management developments in the industry in which it operates and the commercial sector generally.
- The Public Trustee is to have in place a customer service charter which is to be publicly available.

4.3 Reporting

- The Portfolio Minister and the Treasurer expect the Public Trustee to comply with any relevant reporting requirements specified in any guidelines issued by Treasury.

4.4 Pricing

- The Ministers expect the Public Trustee to set prices, fees and charges which:
 - meet the objectives of efficiency and financial sustainability;
 - comply with all legislative and regulatory instruments; and
 - to the extent possible, move towards a commercial return on assets employed as set out in the annual Performance Statement.

4.5 Borrowings and Investment Activities

- The Portfolio Minister and the Treasurer expect the Public Trustee's borrowings to be consistent with any direction given under the *Tasmanian Public Finance Corporation Act 1985*.
- When investing any surplus funds, the Public Trustee should provide the Tasmanian Public Finance Corporation with the opportunity to offer its services.
- Capital structure and debt levels should be maintained at a level that is consistent with the overall strategic portfolio objectives of the Government.

4.6 Capital Asset Management

- The Portfolio Minister and the Treasurer expect the Public Trustee to:
 - develop Asset Management Plans reflecting prudent commercial practice;
 - regularly review its asset holdings with the aim of identifying surplus non-performing and non-core assets. The disposal of any undertaking or asset

is to be in accordance with the provisions of the Government Business Enterprises Act; and

- subject any capital investment proposal to rigorous and considered analysis prior to any decision to commit resources.
- The Portfolio Minister, the Treasurer and Treasury, as principal financial advisor, are to be notified of any proposed major new capital investments.
- All major capital investment decisions must be approved in writing by the Portfolio Minister and the Treasurer prior to any significant expenditure being incurred.

4.7 Risk Management

- The Portfolio Minister and the Treasurer expect the Public Trustee to have in place risk management strategies that recognise the Government is a long-term risk-averse investor, identify business and financial risks, and provide for their ongoing management.

5. OTHER

5.1 Director Appointment Process

- The Portfolio Minister and the Treasurer expect the Public Trustee to work cooperatively with relevant Director Selection Advisory Panels to ensure that the appointment process results in a balance of renewal and continuity of Board membership.

5.2 Employee and Industrial Relations

- The Portfolio Minister and the Treasurer expect the Public Trustee to:
 - adhere to any Government policy guidelines in regard to Executive remuneration including bonuses or other forms of rewards; and
 - be cognisant of any Government policy in regard to employee remuneration, consistent with contemporary public sector wages policy.
- The Portfolio Minister and the Treasurer are to be notified of any significant changes to the employee relations policy of the Public Trustee, including the finalisation of any workplace or industry agreements.

5.3 Integrity and Ethics

- The Portfolio Minister and the Treasurer expect the Board, management and employees of the Public Trustee to exhibit the highest level of integrity and professionalism in undertaking their duties.

5.4 Significant Developments

- The Portfolio Minister and the Treasurer are to be kept informed of any matters of significance. Specifically, the Portfolio Minister and the Treasurer expect to be notified of any adverse developments which may:
 - prevent the achievement of financial performance objectives; or
 - significantly affect the financial viability or operating ability of the Public Trustee; or
 - significantly impact on Government policy, client relations and environmental issues.

5.5 Provision of Information

- The Portfolio Minister and the Treasurer expect to be:
 - informed as soon as practicable of any material or significant events, transactions or other issues relating to the business; and
 - provided with any information or reports requested, in an accurate and timely manner.

SCHEDULE I

NON-COMMERCIAL ACTIVITIES

The following non-commercial activities, as defined under Clause 3.3, shall be performed by the Public Trustee:

- Administration of Absolute Estates with a gross asset value of less than \$60 000.
- Administration of Continuing Trust and Life Tenancy Estates with a gross asset value of less than \$100 000.
- Administration and management of Minor Trusts with a gross asset value of less than \$20 000.
- Management of assets for Represented Persons with a gross asset value of less than \$100 000.