Annual Report

2013/14

If it's important to you,
it's important to us.

Public Trustee

28 October 2014

The Hon Dr Vanessa Goodwin MLC
Attorney General
Minister for Justice
Minister for Corrections
Minister for the Arts
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 2014.

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

Yours faithfully,

Craig Stephens
Chairperson
The Board of the Public Trustee

David Benbow
Chief Executive Officer
Public Trustee

Contents

1. Responsible Minister

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

2. 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; and

- The *Government Business Enterprises Act 1995* creates the corporation and determines how the Public Trustee is operated and controlled.

3. 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;

- 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; and

- managing funds under the control of the Public Trustee in order to provide a commercial rate of return to contributors.

4. 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 employees, management and Board of Directors of the Public Trustee.

Mission Statement

To offer specialist and independent trustee services to all Tasmanians.

Vision Statement

To be recognised for our professionalism, respected for our integrity and valued by our clients.

Values Statement

In seeking to achieve the mission and vision of the Public Trustee, the primary values of the staff, management and Board of Directors of the Public Trustee are:

- Respect – personal and professional respect for each other and our clients.
- Service – a client service focus achieved by teamwork across the whole organisation.
- Integrity – open, honest and ethical service delivery.

5. Chairperson's Report

It is my pleasure to present the Annual Report for the year ended 30 June 2014.

Financial Year Result

The organisation achieved a profit after tax for the financial year of $739k compared with a profit last year of $1,314k. Total comprehensive income for the 2014 financial year amounted to $985k compared to $2,588k for the financial year ended 2013. A significant contribution to the 2013 result came from a positive re-measurement of the defined benefit liability.

Factors contributing to the profit after tax result were:

- total revenue from activities was 10.3% higher than last year;
- of total revenue, commission and fees increased by 10.9% on last year;
- total expenses from ordinary activities increased by 2.3% during the year with salaries and associated expenses up 5.2%;
- dividend distributions on the Public Trustee's investment of its corporate funds was $555k down from $881k in 2013; and
- corporate investments increased by $907k in value (before tax) compared with an increase of $757k last year. Results for financial years ended 2013 and 2014 were positively impacted by the general improvement in global equity markets.

From an operational perspective the Public Trustee is continuing to look for productivity improvements in order that it may continue to be in a position to absorb the increasing cost of service provision in all areas of the business, particularly in periods of low or negative returns on investments.

Dividend to Government

On the 29th August 2014, the Treasurer made public that Government Business Enterprises are required to pay 90% of net profits after tax as a dividend each year, unless a business can justify a lower pay-out policy.

The Public Trustee has an agreement with Government that a dividend will only become payable should the amount of that dividend exceed the Community Service Obligation funding gap for that year.

The dividend to be paid to Government for the financial year ended June 2014 is $262k which represents 90% of the Public Trustee's operating profit after tax for the year ended June 2014 less the Community Service Obligation funding gap.

Community Service Obligation Agreement with Government

An important service provided by the Public Trustee of Tasmania is the financial management of affairs for clients appointed to the Public Trustee by order of the Guardianship and Administration Board (GAB).

As at 30 June 2014 the Public Trustee managed the affairs of 546 Community Service Obligation clients, an increase of 38 clients in comparison with the same period last year.

The Government has recently completed a review of the Public Trustee's funding and operational model culminating in a three year Community Service Obligation Agreement commencing from the 1st July 2014. The review recognised the degree of underfunding in the previous agreement, and as a result Community Service Obligation funding has been increased by $50,000 per annum over previous funding in order to reduce the shortfall. In addition the Government has determined not to seek payment of a dividend while the amount of any dividend is less than the funding gap. This is to be reviewed on an annual basis.

Governance matters

As in previous years, the Directors and Senior Managers undertook a facilitated review of the organisation's Corporate Plan. The strategies identified will form the basis of action items for the Board and the organisation over the next three years.

The Public Trustee regularly reviews its various strategies and policies. The Risk Management and Business Continuity Plans are reviewed annually.

Corporate governance continues to be a matter of focus for the Board. All Directors are graduates of the Australian Institute of Company Directors (AICD) through which they maintain their professional development and corporate governance knowledge. Individual reviews with Directors of Board performance are being undertaken on an ongoing basis with a formal Board Review to be undertaken in the coming year.

The Board is also actively working to plan appropriate replacements to the Board and Management in a period of significant change to ensure an orderly transition for the organisation.

I thank my fellow Board members for their hard work and support to the organisation with particular thanks going to Beth Mathison, who has chaired both the Audit and Marketing Committees during the financial year.

A primary focus of the Board this year has been the recruitment of a new Chief Executive Officer and we are very pleased to have appointed David Benbow to this role, replacing Peter Maloney after eleven years of dedicated service to the Public Trustee. I would like to thank both Peter and David for their efforts and contribution to the Organisation during the financial year and in particular their assistance to myself as Chairperson and the Board during that time.

Finally I would like to thank the senior management team and staff for the contribution they have made and continue to make to our organisation on an ongoing basis.

Craig Stephens
Chairperson
Board of the Public Trustee

6. Chief Executive Officer's Report

I have pleasure in presenting my report for the financial year 2013-14.

Corporate Plan 2014/15 – 2017/18

In February of this year the Board and Senior Management met to determine the Public Trustee's Corporate Plan covering the three year period commencing June 2014 through to June 2018.

The Corporate Plan includes a number of key projects to be undertaken over the three year period, intended to improve the productivity and efficiency of the Public Trustee and provide improved stakeholder outcomes.

These projects include:

- Standards, Management and Services project, intended to engender greater accountability and productivity from the Trustee Services team.
- Review of the product distribution model utilised by the Public Trustee.
- Refurbishment of the 116 Murray Street site.
- An upgrade of TACT our key operating system and business case development around the potential implementation of a document workflow system.

Beneficiary Survey 2013 - 2014

A core part of the business of the Public Trustee relates to the administration of deceased estates which gives rise to our largest client group being the beneficiaries to those estates. To measure our success in delivering meaningful service to this client group the Public Trustee undertakes a survey sampling of these clients on an annual basis.

In this financial year 598 surveys were sent to beneficiaries and a response rate of 31% was achieved. Of those beneficiaries who responded, 87% stated their experience in dealing with the Public Trustee either met or exceeded their expectation. The Public Trustee has established a service target of 85%. Key areas for future improvement include regional consistency of service and the establishment and communication of realistic timeframes for the finalisation of estates.

Will Client Survey 2013 - 2014

Another key aspect of our service delivery is the preparation of Wills and enduring powers of attorney. To ensure our service delivery is meeting the expectations of our clients the Public Trustee undertakes an annual survey of a sample of clients who have utilised this service.

Of those who responded to the survey, there continues to be in excess of 99% of clients stating that their experience in dealing with the Public Trustee met or exceeded their expectations.

Represented Persons Survey November 2013

In November 2013 the Public Trustee undertook for the first time to survey clients who have been appointed to the Public Trustee by an order of the Guardianship and Administration Board.

The Public Trustee utilised an external provider to undertake the survey in order to provide an objective and independent assessment of the service delivery for this group of clients.

The survey comprised interviews directly with independent clients and on behalf of supported clients via interviews with Network Support contacts. In total 169 interviews were completed – with 42 independent clients and 127 supported clients (via 100 Support Network contacts) – representing 23% of the total client population of 721.

A key outcome from this survey was the introduction of the Public Trustee's Represented Person Financial Independence Program intended to encourage and assist the Represented Person to become capable of managing their affairs.

Overall the results of the survey were pleasing with high levels of satisfaction from both Network Support contacts and independent clients across a range of key performance measures. The Public Trustee has been able to use the survey to improve areas of its service provision, principally in the area of establishing client needs when first becoming a client of the Public Trustee.

It is the intention of the Public Trustee to continue this survey on a biannual basis and look to increase the number of respondents.

Marketing and Communication

We continue to be active in the area of marketing and communication. Our focus this year continues to be effective communication of our services reflected in television and print advertisement campaigns. We continue to utilise the findings contained within our annual brand research to tailor our marketing campaigns.

This year the Public Trustee's website has been enhanced to improve the consumer experience by adopting recommendations made through website analysis and market research. The improvements have enabled clients to make a Will appointment and to access our information on various applications such as mobile phones and tablets.

This year we again provided our popular seminars in Hobart, Launceston and Devonport. This year's seminars provided a broader range of topics including a session around nutritional ideas for use as we get older.

The Public Trustee also produced two editions of our newsletter 'Matters of Trust' which contains useful information for our clients and the broader Tasmanian community.

Will writing days in regional areas, public presentations and seminars continue to be a core area of activity for the organisation.

	2013/14	2012/13
New Wills	744	707
Revision Wills	1071	1024
Number of regions visited on Will writing days	24	20
Number of days spent in regional areas	29	32
Number of Tasmanians who prepared their Will on regional Will writing days	231	290
Number of seminars and presentations held around the state	30	55
Number of attendees at these presentations	933	2694

Funds Management

The Public Trustee is responsible for the management of client funds in a number of differing circumstances. This diversity of circumstances requires the Public Trustee to be able to implement investment strategies for clients for varying time frames.

This requirement to consider investment risk is managed by the Public Trustee by collectively investing client and trust funds into one of three available investment funds. The Common Fund is cash based and is utilised for circumstances where there is no appetite for investment risk due to a limited investment timeframe. The other two investment funds invest in a varying mix of asset classes increasing the level of investment risk but also having an expectation of higher investment returns over longer periods.

The Public Trustee directly manages investments in the Common Fund and outsources investment management of the Group Investment Fund number 1 and 2.

Performance after fees to 30 June 2014		
	Group Investment Fund 1	Group Investment Fund 2
1 Month	0.29%	0.25%
3 Months	1.90%	2.82%
6 Months	2.67%	3.93%
1 year	7.09%	12.35%
2 years p.a.	7.76%	13.75%
3 years p.a.	6.53%	9.70%
5 years p.a.	6.99%	10.06%

Common Fund	
Average Annual Rate to 30 June 2014	
1 Month	2.49%
3 Months	2.45%
6 Months	2.45%
1 year	2.57%
2 years	3.08%
3 years	3.50%
5 years	3.52%

Human Resources

The Public Trustee recognises and values the contribution employees make, at all levels, to the delivery of our services. To assist employees develop and maintain the skills and knowledge they need to undertake their roles, the year in review has seen a continued focus on our leadership program and employee learning and development. Workshops included Creating a Culture of Accountability; Delivering Excellence in Client Service; Integrity and Ethics; Anti-Discrimination training; and Workplace Health and Safety training.

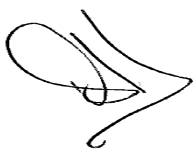
Our induction program for new staff has been reviewed to ensure it provides employees with the knowledge and understanding they require at the start of their careers with the Public Trustee. We are also in the final stages of developing a competency assessment framework for our Client Account Managers who play a key role in providing professional, high quality and timely service delivery to our clients. A review of all critical processes is ongoing to ensure corporate knowledge is captured and retained within the organisation. This work will assist with our workforce planning in ensuring employees retain the knowledge and understanding they need to provide high levels of client service.

Creating a culture of innovation continues to be a key focus with the embedding of a framework to capture, evaluate and implement ideas.

Maintaining a healthy and safe workplace continues to be a high priority for the Public Trustee. Key Performance Indicators (KPIs) have been set to ensure we maintain a safe workplace and provide all employees with the training they need to remain safe and healthy in the workplace. These KPIs are monitored regularly by the Executive Management Team to ensure achievement.

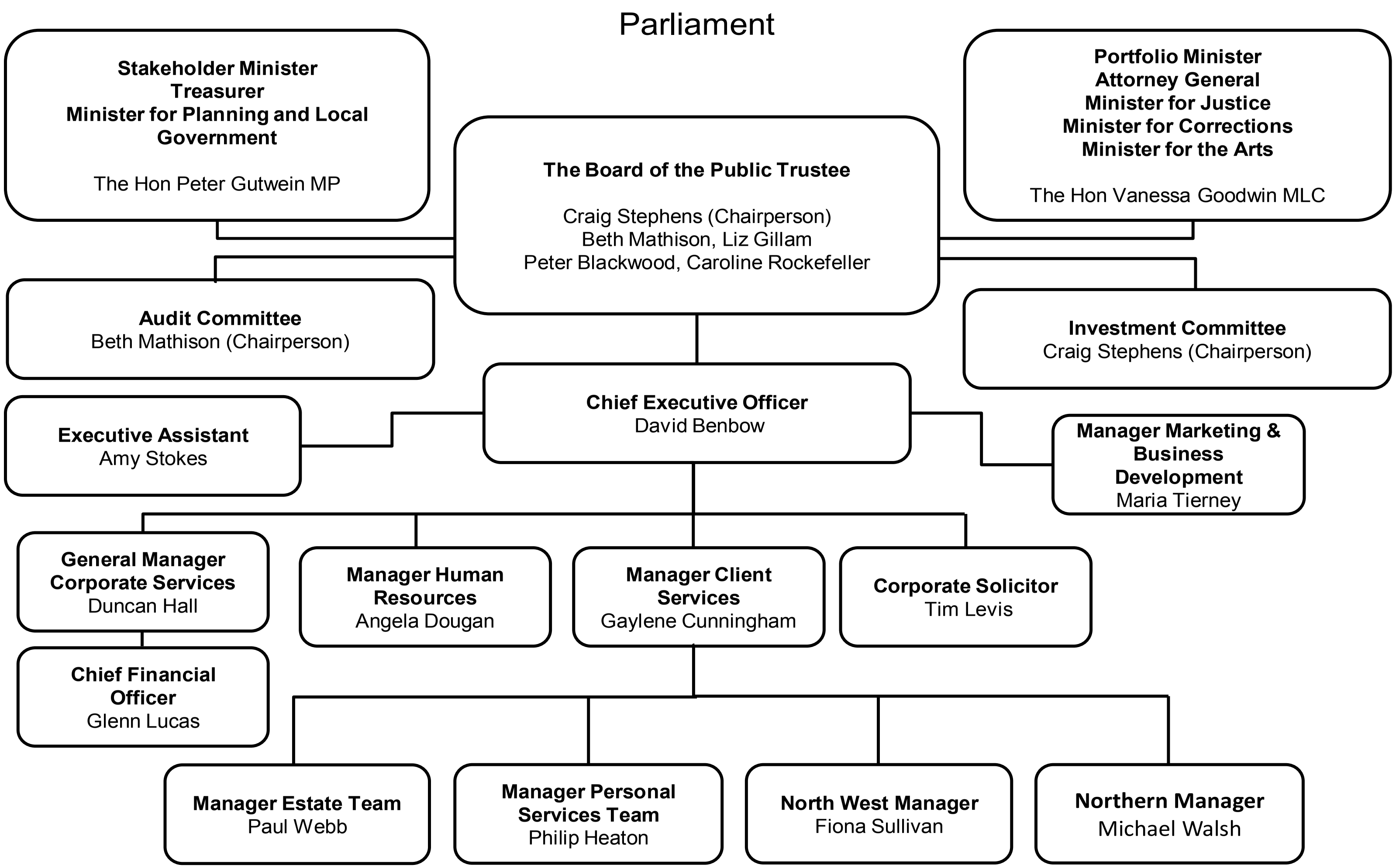
Key opportunities for improvement over the next 12 months include training for all employees on Working Effectively with Clients; Stress Management and Time Management; Recognising Elder Abuse and Manual Handling training.

Finally I would like to acknowledge the invaluable support I have received from the Board of Directors and the commitment of the Public Trustee team.



David Benbow
Chief Executive Officer

7. Structure of the Public Trustee



8. Corporate Governance

The Board of the Public Trustee

The Public Trustee is a Government Business Enterprise owned by the Government on behalf of the Tasmanian Community. It is established under the *Government Business Enterprises Act 1995*.

The Board of the Public Trustee is responsible to the Treasurer and the Attorney General for managing and conducting the business and affairs of the Public Trustee in accordance with sound commercial practice. It ensures that the Public Trustee performs its statutory obligations.

In carrying out its responsibilities, the Board:

- sets the strategic direction of the organisation;
- secures and monitors organisational performance;
- ensures compliance with statutory requirements; and
- manages risk.

The Board currently comprises five independent Directors. The prior CEO, who was also an Executive Director, retired in February 2014. In line with current Government directives the new CEO will not be on the Board. All Directors are appointed by the Treasurer and the Attorney-General on the recommendation of the Board. Directors are selected on the basis of their complementary skills and ability to add value to the Board. Directors are appointed after consideration by the Government Director Selection Advisory Panel.

A number of committees have been established to assist the Board in carrying out its functions and responsibilities.

One of the major responsibilities of the Board is to manage risk, not only in the interest of the Public Trustee, but also to protect the interest of its clients. The Audit Committee is responsible for monitoring corporate risk assessment processes and controls the establishment of, and ongoing compliance with, an internal risk control framework.

The Public Trustee manages large sums of money on behalf of its clients. It has established an Investment Committee which also has responsibility for the oversight of the organisation's investment review processes to ensure that appropriate client investment decisions are made. Clients are assured that the Public Trustee has the necessary safeguards in place to protect their interests.

During the year the responsibilities of the Marketing Committee formed by the Board were transferred to a new committee established by Management and chaired by the CEO.

These arrangements ensure that the Public Trustee has the appropriate governance structures in place to ensure that it operates as a successful Government Business Enterprise in a competitive commercial environment.

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.

Board members:

Craig Stephens BCom
Chairperson as from 16 April 2013

Board Member October 2004
Chairperson of the Investment Committee
Member of the Audit Committee
Graduate member of the Australian Institute of Company Directors

Mr Stephens is a Chartered Accountant. His background in corporate accounting, risk management and auditing provide an important contribution to the Board skill set. Craig is a key contributor to the Board's budgeting and financial management processes.

Beth Mathison BA, Grad Dip IR & HR, MBA

Board Member March 2007
Chairperson of the Audit Committee (since April 2013)
Fellow of the Australian Institute of Company Directors
Fellow of the Australian Institute of Management

Ms Mathison's wide ranging experience including strategic and business planning, governance, financial advice and feasibilities, contract negotiations, profitability improvement, marketing and human resource management has been gained during the course of an extensive career as CEO, Managing Director and Consultant in private, corporate and not-for-profit sectors in Australia and the UK.

Beth is currently a Director of St Michael’s Collegiate School, Managing Director of Centaur Business Networks Pty Ltd and has previously held Directorships of the MS Society of Tasmania, HR Workbench International Sydney, Cameron Park Pty Ltd Scotland, Super Bee Pty Ltd Queensland and was a member and VP of the Australasian Management Board of SIRVA Corporation, NY.

Peter Blackwood

Board Member January 2010
Member of the Audit Committee
Fellow of the Australian Institute of Company Directors

Prior to joining the Board Mr Blackwood had a long career in the not-for-profit sector having been CEO of Oak Tasmania. Peter brings with him extensive experience in the community sector and is currently also a Director of Common Ground Tasmania.

Caroline Rockefeller BCom

Board Member January 2010
Member of the Investment Committee
Graduate member of the Australian Institute of Company Directors

Ms Rockefeller has an extensive private sector background in the banking and financial services sector which has given her an understanding of financial markets and investment principles. This is particularly valuable in her role as a member of the Public Trustee's Investment Committee.

Liz Gillam LLB

Board Member December 2013
Member of the Investment Committee
Graduate and Fellow of the Australian Institute of Company Directors.

Ms Gillam has significant experience at an executive level within the Tasmanian Government and has many years' experience as a senior policy person and executive with the Local Government Association of Tasmania. At the present time she is the Chair of the Tasmanian Electoral Commission, a member of the Tasmanian Integrity Commission, member of the Local Government Board and Chairperson of the St Michael's Collegiate School Board. In addition she has a Bachelor of Law Degree.

Board Performance Review

This year instead of the traditional annual self-assessment by way of a questionnaire the Board, through a formal discussion, considered all governance processes undertaken by Directors. As a result of this review it was agreed all Board members will have a one on one review with the Chairperson to consider further aspects of governance. It is envisaged the previous self-assessment methodology will be continued in future years.

CEO Performance Review

The performance of the CEO is reviewed annually against a performance management agreement. The review is conducted by the Chairman of the Board and outcomes reported to the full Board

Code of Conduct

The Board has adopted a Code of Conduct for Directors. Please refer to our website www.publictrustee.tas.gov.au for further information.

Board Attendance

The number of Board and Committee meetings held in the period each Director held office during the financial year and the number of meetings attended by each Director is as follows:

	Board Meetings		**Audit Committee**		**Investment Committee**		**Marketing Committee**	
	Number Held	Number attended	Number held	Number attended	Number held	Number attended	Number held	Number Attended
Craig Stephens	13	12	4	4	6	4	N/A	N/A
Beth Mathison	13	10	4	4	N/A	N/A	4	4
Caroline Rockefeller	13	12	N/A	N/A	6	5	N/A	N/A
Liz Gillam	7	6	N/A	N/A	3	3	2	2
Peter Blackwood	13	13	4	4	N/A	N/A	4	4

Disclosure requirements

Directors have the right to seek independent professional advice in relation to matters pertaining to the Public Trustee and their role as a Director. The cost of that advice will be paid by the Public Trustee. When seeking such advice, Directors are required to inform the Chairperson in advance.

9. Statement of Corporate Intent

This Statement of Corporate Intent (SCI) is a high level summary of the Corporate Plan and includes a performance agreement between the Board of the Public Trustee and the Shareholding Ministers.

The Performance Agreement details the key financial and non-financial targets for the Public Trustee, as agreed between the Board and the Shareholding Ministers through an annual Corporate Planning process. It also details estimates for the following three years.

The SCI has been prepared in accordance with the Ministerial Charter for the Public Trustee.

Strategic Direction

The Public Trustee is a Government Business Enterprise (GBE) established by the *Public Trustee Act 1930*. Principal commercial activities undertaken include the provision to the general community of access to professional advice and service in relation to trustee services including:

- preparation of Wills
- estate administration
- trust management and powers of attorney; and
- protection of the financial interests of individuals under a legal, physical or intellectual disability where the Public Trustee is appointed to act on their behalf.

The strategic direction of the Public Trustee for the period of the Corporate Plan focuses on the implementation of strategies designed to increase market share in the commercial deceased estate administration business and the efficiency and profitability of the Public Trustee, consistent with its Community Service Obligations.

Over the Corporate Plan period the Public Trustee will be focussed on:

- building its commercial business base to ensure the commercial success of the Public Trustee
- shaping and promoting the public profile of the Public Trustee within the Tasmanian community
- increasing efficiencies in business processes through innovation and continuous improvement; and
- delivery of higher quality of client service through continuous improvement.

10. Key Performance Indicators

The Performance Agreement regarding the key financial and non-financial targets for the year ending 30 June 2014, year ending 30 June 2015 and estimates for the following three years is detailed in the tables below.

Financial Returns to Government

	Target 2013-14	Target 2014-15	Estimates 2015-16	2016-17	2017-18
Dividends Paid ($ ‘000)	nil	nil	nil	nil	nil
Tax Equivalents Paid ($ ’000)	68	239	104	20	34
Total	68	239	104	20	34

The Shareholding Ministers have approved the Public Trustee retaining all of its dividends to be used to fund its Community Service Obligation activities. This arrangement is to be reviewed as part of the assessment of the Public Trustee’s Corporate Plan each year.

Financial Targets

	Target 2013-14	Target 2014-15	Estimates 2015-16	2016-17	2017-18
Operating Profit Before Tax ($ ‘000)	169	347	68	114	153
Operating Profit After Tax ($’000)	118	243	48	80	107
Net Profit after Tax ($m)	278	407	216	251	281
Capital Expenditure ($ ‘000)	350	1,050	100	100	100
Operating Margin	1.02	1.04	1.01	1.01	1.02
Return on Assets (%)	0.9%	1.7%	0.3%	0.5%	0.7%
Return on Equity (%)	6.3%	7.2%	3.6%	4.1%	4.4%
Capital Adequacy (%)	4.0%	13.3%	14.9%	16.5%	18.2%

Key Non-Financial Performance Indicators

	Target 2013-14	Target 2014-15	Estimates 2015-16	2016-17	2017-18
Number of new Wills written	750	750	750	750	750
Number of revision Wills written	1,000	1,000	1,000	1,000	1,000
Beneficiary survey results (overall satisfaction rating)	85%	85%	85%	85%	85%
Will client survey results (overall satisfaction rating)	85%	85%	85%	85%	85%

Community Service Obligations

In line with the terms of the Public Trustee's Ministerial Charter, the Government will provide funding to assist in meeting the cost of non-commercial activities (Community Service Obligations) required to be undertaken by the Public Trustee.

The Public Trustee performs the following Community Service Obligations on behalf of the Government:

- 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, and
- Management of assets for Represented Persons with a gross asset value of less than $100,000

The Public Trustee has entered into a Community Service Obligation Agreement for three years effective from 1 July 2014 to 30 June 2017. A summary of the maximum funding amounts set out in the new agreement is set out as follows:

CSO Funding	Target	Estimates		
	2014-15	2015-16	2016-17	2017-18
Community Service Obligations ($ '000)	1,556	1,642	1,728	1,814

Definitions

Operating Profit Before Tax means Operating revenue less operating expenditure

Operating Profit After Tax means Operating profit before tax less income tax payable on operating profit

Net Profit after Tax means Net profit before tax less income tax

Operating Margin means Operating revenue / operating expenditure

Return on Assets means Operating Profit before Tax / [(Opening Assets + Closing Assets)/2]

Return on Equity means Net Profit after Tax / [(Opening Equity + Closing Equity)/2]

Capital Adequacy means Tangible Reserves / Tangible Assets

11. Financial Commentary

The Statement of Corporate Intent sets out the key financial and non-financial targets for 2013-14. The actual performance against these targets is shown below.

Financial Returns to Government

	Target 2013-14	**Actual 2013-14**
Dividends Paid ($ ‘000)	nil	nil
Tax Equivalents Paid ($ ’000)	68	200
Total	68	200

The increased tax equivalent payments are due to actual operating profits before tax being higher than the target. The SCI targets were based on the estimated operating profit for this period.

Financial Targets

	Target 2013-14	**Actual 2013-14**
Operating Profit Before Tax ($ ‘000)	169	1,036
Operating Profit After Tax ($’000)	118	739
Net Profit after Tax ($000)	278	1,374
Capital Expenditure ($ ‘000)	350	82
Operating Margin	1.02	1.14
Return on Assets (%)	0.9	5.4
Return on Equity (%)	6.3	28.8
Capital Adequacy (%)	4.0	9.3

The favourable result for operating profit, pre and post-tax, is attributable to strong results achieved in commissions and fees income, increased funding of Community Service Obligations. Savings were also made in salaries as a result of the organisation operating at less than full-time equivalent capacity during the year.

The key return ratios are favourable as a consequence of the higher than targeted operating profit achieved with a similar asset base.

Non-Financial Targets

	Target 2013-14	Actual 2013-14
Number of new Will written	750	744
Number of revisions Will written	1,000	1,071
Beneficiary survey results (%)	85%	84%
Will client survey results (%)	85%	99%

Capital Structure

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

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 2014 the Public Trustee employed 52.8 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 30 June 2014, matters classified as Community Service Obligations accounted for 49% (2013:49%) of the matters administered by the Public Trustee. The net avoidable cost to meet these obligations for the 2014 financial year was $1,872,863 (2013: $1,906,150).

The Treasurer, as purchasing minister, enters into an agreement with the Public Trustee to fund the provision of Community Service Obligations. The funding received by the Public Trustee for the 2014 financial year was $1,470,000 (2013: $1,360,000).

12. Financial Statements

Public Trustee

ABN 11 223 649 773

Financial Statements
30 June 2014

13. Auditor's Independence Declaration

Tasmanian Audit Office

Level 4, Executive Building, 15 Murray Street, Hobart, Tasmania, 7000
Postal Address: GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6226 0100 | Fax: 03 6226 0199
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

11 August 2014

The Board of Directors
Public Trustee
116 Murray Street
HOBART TAS 7000

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial statements of Public Trustee for the financial year ended 30 June 2014, I declare that to the best of my knowledge and belief, there have been no contraventions of:

a) the auditor independence requirements of Australian Auditing Standards in relation to the audit; and
b) any applicable code of professional conduct in relation to the audit.

As agreed with the Audit Committee, a copy of this declaration must be included in the Annual Report.

Yours sincerely

H M Blake
Auditor-General

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Statement of profit or loss and other comprehensive income
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Continuing operations			
Revenue	4	**7,755**	7,028
Other income	5	**629**	956
Fair value gain on financial assets		**-**	757
Total revenue		**8,384**	8,741
Administrative expenses		**(1,647)**	(1,685)
Depreciation expense		**(106)**	(95)
Employee benefits expense	6	**(4,623)**	(4,394)
Finance expense	6	**(533)**	(573)
Occupancy expenses		**(439)**	(433)
Total expenses		**7,348**	7,180
Profit before income tax equivalent		**1,036**	1,561
Income tax equivalent expense	7a	**(297)**	(247)
Profit for the year		**739**	1,314
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurements of defined benefit liability	18	**(555)**	1,819
Related tax	7c	**166**	(545)
		(389)	1,274
Items that are or may be reclassified to profit or loss:			
Fair value movement in investments in managed funds		**907**	-
Related tax	7c	**(272)**	-
		635	-
Other comprehensive income, net of tax		**246**	1,274
Total comprehensive income		**985**	2,588

The accompanying notes form part of these financial statements.

Statement of financial position
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Assets			
Current assets			
Cash and cash equivalents	11	**3,351**	2,732
Trade and other receivables	12	**332**	508
Other financial assets	13	**-**	10,802
Prepayments		**37**	36
Total current assets		**3,720**	14,078
Non-current assets			
Other financial assets	13	**11,700**	-
Deferred tax assets	16	**3,791**	3,964
Plant and equipment	14	**437**	461
Total non-current assets		**15,928**	4,425
Total assets		**19,648**	18,503
Liabilities			
Current liabilities			
Trade and other payables	15	**528**	623
Current tax liabilities		**97**	68
Provisions	17	**1,016**	1,122
Total current liabilities		**1,641**	1,813
Non-current liabilities			
Provisions	17	**12,739**	12,407
Total non-current liabilities		**12,739**	12,407
Total liabilities		**14,380**	14,220
Net assets		**5,268**	4,283
Equity			
Retained earnings		**4,633**	4,283
Reserves	19	**635**	-
Total equity		**5,268**	4,283

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the year ended 30 June 2014

	Note	Fair value reserve $'000	Retained earnings $'000	Total $'000
Balance at 1 July 2012		-	1,847	1,847
Total comprehensive income				
Profit		-	1,314	1,314
Other comprehensive income		-	1,273	1,273
Total comprehensive income		-	2,587	2,587
Transactions with owners of the Entity				
Dividends	10	-	(151)	(151)
Total transactions		-	(151)	(151)
Balance at 30 June 2013		-	4,283	4,283
Balance at 1 July 2013		**-**	**4,283**	**4,283**
Total comprehensive income				
Profit		**-**	**739**	**739**
Other comprehensive income		**635**	**(389)**	**246**
Total comprehensive income		**635**	**350**	**985**
Transactions with owners of the Entity				
Dividends	10	**-**	**-**	**-**
Total transactions		**-**	**-**	**-**
Balance at 30 June 2014		**635**	**4,633**	**5,268**

The accompanying notes form part of these financial statements.

Statement of changes in equity
for the year ended 30 June 2014

	Note	2014 $'000	2013 $'000
Cash flows from operating activities			
Receipts from clients		**8,354**	7,543
Payments to suppliers and employees		**(8,273)**	(7,423)
Interest received		**74**	76
Income tax equivalent paid		**(200)**	(121)
Net cash from operating activities	21	**(45)**	75
Cash flows from investing activities			
Distributions from financial assets		**746**	623
Purchase of plant and equipment		**(82)**	(112)
Net cash provided by investing activities		**664**	511
Cash flows from financing activities			
Dividends paid		**-**	(151)
Net cash used in financing activities		**-**	(151)
Net increase in cash held		**619**	435
Cash and cash equivalents at the beginning of year	11	**2,732**	2,297
Cash and cash equivalents at the end of year	11	**3,351**	2,732

Notes to the financial statements
for the year ended 30 June 2014

Note 1. Reporting entity

The Public Trustee ("the entity") is a for-profit Tasmanian Government Business Enterprise operating since 1853 offering professional, independent trustee services to the Tasmanian community. The duties and obligations of the entity are set out in the *Trustee Act 1898* and the *Public Trustee Act 1930* determines the constitution and regulation of the entity.

The Public Trustee's Australian Business Number is
11 223 649 773. Its principal place of business is 116 Murray Street, Hobart, Tasmania.

Note 2. Basis of accounting

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"), the *Government Business Enterprise Act 1995* and related Treasurer's Instructions. The financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). They were authorised by the directors for issue on 11 August 2014. Details of the entity's accounting policies, including changes during the year, are included in Notes 30 and 31.

Rounding

The entity is of a kind referred to in Class Order 98/0100 dated 10 July 1998, issued by the Australian Securities and Investments Commission, relating to "rounding off" of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar unless otherwise stated.

Note 3. Use of judgements and estimates

In preparing these financial statements judgements, estimates and assumptions have been made that affect the application of the entity's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

Key estimates

The directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the entity.

(iv) Impairment – general
The entity assesses impairment at each reporting period by evaluation of conditions and events specific to the entity that may be indicative of impairment triggers. There was no impairment recognised in the current year.

(ii) Employee benefits
Assumptions utilised in the determination of the entity's employee entitlement provisions are discussed in note 31 (g).

(iii) Financial instruments
Assumptions utilised in the determination of the entity's valuation of its investment are discussed in note 26.

(iv) Defined benefit superannuation fund obligations
Actuarial assumptions utilised in the determination of the entity's defined benefit superannuation fund obligations are discussed in note 18.

Notes to the financial statements
for the year ended 30 June 2014

	2014 $'000	2013 $'000

Note 4. Revenue

	2014 $'000	2013 $'000
Fees and commissions	**6,285**	5,668
Funding of community service obligations	**1,470**	1,360
	7,755	7,028

Note 5. Other income

	2014 $'000	2013 $'000
Dividends received from other persons	**555**	880
Interest received from other persons	**74**	76
	629	956

Note 6. Net profit for the year

Profit before income tax includes the following specific expenses:

Expenses

	2014 $'000	2013 $'000
Employee benefits expense		
- wages and salaries	**3,118**	3,267
- defined benefits superannuation service cost (note 18)	**189**	219
- defined benefits superannuation expected return on assets (note 18)	**-**	(179)
- long service leave	**141**	88
- recreation leave	**574**	343
- superannuation	**219**	247
- other associated personnel expenses	**382**	409
	4,623	4,394
Finance expenses		
- defined benefits superannuation interest cost (note 18)	**533**	573

Note 7. Tax equivalent expense

	2014 $'000	2013 $'000
iv. The components of income tax equivalent expense comprise:		
Current tax	**227**	208
Deferred tax	**70**	39
	297	247
b. The prima facie income tax equivalent on profit before income tax is reconciled to income tax equivalent as follows:		
Prima facie tax payable on profit before income tax at 30% (2013: 30%)		
- Entity	**311**	468
Add tax effect of:		
- Entertainment	**1**	-
- over provision for income tax in prior years	**3**	77
Less tax effect of:		
- available franking credits	**(49)**	(37)
- foreign tax credits	**(3)**	(5)
- utilisation of capital losses not previously recognised	**-**	(66)
- deferred tax on movement of investments not previously recognised	**-**	(182)
- taxable capital gain / (non-taxable capital gain)	**34**	(8)
Income tax attributable to entity	**297**	247
Fair value gains (losses) on financial assets	**-**	757
Income tax (expense) benefit at 30%	**-**	(227)
Net-of-tax amount	**-**	530
c. Tax effects relating to each component of other comprehensive income:		
Remeasurement of defined benefit liability		
Before tax amount	**(555)**	1,819
Income tax equivalent (expense) benefit	**166**	(545)
Net-of-tax amount	**(389)**	1,274
Fair movement in investments in managed funds		
Before tax amount	**907**	-
Income tax equivalent (expense) benefit	**(272)**	-
Net-of-tax amount	**635**	-

Note 8. Key management personnel compensation

Director remuneration
The following table discloses the remuneration details in bands for each person that acted as a non-executive director during the current and previous financial years:

	Number	Short Term Employment Benefits			Superannuation	Total
		Directors fees	Committee fees	Other		
		$	$	$	$	$
2014						
$50,000 +	**-**	**-**	**-**	**-**	**-**	**-**
$nil to $50,000	**5**	**99,778**	**9,650**	**-**	**10,122**	**119,550**
2013						
$50,000 +	-	-	-	-	-	-
$nil to $50,000	5	111,609	10,100	-	10,952	132,661

Non-executive directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be reappointed.

The level of fees paid to non-executive directors is administered by the Department of Premier and Cabinet. Superannuation is paid at the appropriate rates as prescribed by superannuation guarantee legislation. No other leave, termination or retirement benefits are accrued or paid to directors. Directors are entitled to reimbursement of expenses incurred while attending to Board business.

Non-executive directors' remuneration is reviewed periodically whenever there is an increase in State Service wages with increases subject to approval by the Treasurer and Portfolio Minister.

Executive remuneration
The following table discloses the remuneration details for senior executives during the current and two previous financial years. The senior executives are members of the entity's Executive Management Team.

2014		**Cash**			**Other**			
Band	**Number of employees**	**Total of base salaries**	**Short term performance payments**	**Super-annuation**	**Vehicles**	**Other benefits***	**Total**	**Previous 2 years totals**
$	**No.**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
< $150,000	6	430,838	-	42,935	4,618	7,221	485,612	463,785 **Yr 1** 399,645 **Yr 2**
$150,000 - $300,000	2	299,946	-	24,398	29,375	(37,486)	316,233	339,582 **Yr 1** 333,365 **Yr 2**

2013		**Cash**			**Other**			
Band	**Number of employees**	**Total of base salaries**	**Short term performance payments**	**Super-annuation**	**Vehicles**	**Other benefits**	**Total**	**Previous year's totals**
$	**No.**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
< $150,000	5	393,401	-	38,685	-	31,699	463,785	399,645 **Yr 1**
$150,000 - $300,000	2	279,053	-	30,102	27,549	2,878	339,582	333,365 **Yr 1**

*Other benefits represent movements in recreation and long service leave entitlements.

	Position held during 30 June 2014	Contract details	Performance related
Peter Maloney	Chief Executive Officer and Executive Director	1 year to 21 February 2014	0%
David Benbow	Chief Executive Officer	5 years to 11 February 2019	0%
Duncan Hall	General Manager Corporate Services	5 years to 29 May 2016	0%
Gaylene Cunningham	Manager Client Services	Permanent	0%
Tim Levis	Corporate Solicitor	Permanent	0%
Scott Parnham	Manager Financial Operations	Permanent to 16 August 2013	0%
Glenn Lucas	Chief Financial Officer	Permanent from 18 November 2013	0%
Angela Dougan	Human Resources Manager	Permanent	0%

The employment terms and conditions of the Chief Executive Officer and the General Manager Corporate Services are contained in individual employment contracts which prescribe total remuneration, superannuation, annual and long service leave, motor vehicle and salary sacrifice provisions. The Corporate Solicitor is employed pursuant to the Legal Practitioners Agreement 2010 and the remaining members of the executive are employed pursuant to the Tasmanian State Services Award 2008.

The Chief Executive Officer is appointed by the Premier on the recommendation of the Board. The remuneration package is in accordance with the Senior Executive Service determination. There is no provision within the senior executives' remuneration packages for the payment of short term incentives based on meeting key performance indicators.

The performance of each senior executive, including the Chief Executive Officer, is reviewed annually.

The terms of employment of the Chief Executive Officer and the General Manager Corporate Services, contain a termination clause that requires the senior executive or the Board to provide a minimum notice period of up to 6 months prior to termination of the contract. Employment contracts have durations not exceeding five years.

	2014 $	2013 $
The totals of the remuneration paid to key management personnel during the year are as follows:		
Short-term employee benefits	**874,204**	821,712
Post-employment benefits	**77,455**	79,739
	951,659	901,451

During the year ended 30 June 2014 the entity identified five directors and eight employees (2013: five directors and seven employees) as key management personnel in accordance with *AASB 124: Related Party Disclosure*. Note 25 lists the Directors of the entity at 30 June 2014.

Overseas travel
There was no overseas travel undertaken on behalf of the entity during the year by the Chairman, Directors or Chief Executive Officer.

	2014	2013
	$	$

Note 9. Auditor's remuneration

	2014	2013
Remuneration of the auditor for:		
- auditing the financial statements	**30,650**	27,680

Note 10. Dividends

	2014	2013
	$'000	$'000
Declared and paid	**-**	151

Note 11. Cash and cash equivalents

	2014	2013
Cash at bank and on hand	**1**	1
Short term bank deposits	**3,350**	2,731
	3,351	2,732

The effective interest rate on short-term bank deposits was between 2.4% and 2.8% (2013: between 2.9% and 3.9%).

Reconciliation of cash
Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

	2014	2013
Cash and cash equivalents	**3,351**	2,732

In its capacity as trustee and financial administrator the entity holds funds on behalf of it clients that are not available for use by the entity. Details of the cash held under management and trusteeship have been included at note 27.

Note 12. Trade and other receivables

Current

	2014	2013
Trade receivables	**332**	508

Credit risk
The entity has no significant concentration of credit risk with respect of any single counterparty or group of counterparties. The class of assets described as "trade and other receivables" is considered to be the main source of credit risk related to the entity.

The following table details the entity's trade and other receivables exposed to credit risk with ageing analysis and impairment provided for thereon. Amounts are considered "past due" when the debt has not been settled, with the terms and conditions agreed between the entity and the customer or counterparty to the transaction. Receivables that are past due are assessed for impairment by ascertaining solvency of the debtors and are provided for where there are specific circumstances indicating that the debt may not be fully repaid to the entity.

The balances of receivables that remain within initial trade terms (as detailed in the table) are considered to be of high credit quality.

	Gross	Past due and impaired	Past due but not impaired (days overdue) < 30 days	31 – 60 days	61 – 90 days	> 90 days	Within trade terms
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
2014							
Trade receivables	**332**	**-**	**-**	**-**	**-**	**-**	**332**
2013							
Trade receivables	508	-	-	-	-	-	508

Note 13. Other financial assets

	2014 $'000	2013 $'000
Current		
Investments in managed funds designated at fair value through profit and loss (a)	**-**	10,802
	-	10,802
Non-current		
Investments in managed funds at fair value through other comprehensive income (a)	**11,700**	-
	11,700	-

(a) As described in Note 30 (a), the entity elected to adopt AASB 9 with a date of initial application of 1 July 2013. The entity has elected to classify its investments in managed funds as fair value through other comprehensive income. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any investments in managed funds assets existed at 30 June 2014.

Note 14. Plant and equipment

	2014 $'000	2013 $'000
Plant and equipment		
Leasehold improvements at cost	**342**	339
Accumulated amortisation	**(236)**	(219)
	106	120
Fixtures, furniture and equipment at cost	**1,098**	1,019
Accumulated depreciation	**(767)**	(678)
	331	341
	437	461

Movement in carrying amounts
Movement in the carrying amounts of each class of plant and equipment between the beginning and end of the current financial year

	2014 $'000	2013 $'000
Leasehold improvements		
Balance at 1 July	**120**	136
Additions	**3**	-
Depreciation expense	**(17)**	(16)
Balance at 30 June	**106**	120
Fixtures, furniture and equipment		
Balance at 1 July	**341**	308
Additions	**79**	112
Depreciation expense	**(89)**	(79)
Balance at 30 June	**331**	341

Note 15. Trade and other payables

	2014 $'000	2013 $'000
Current		
Trade payables	**146**	276
Sundry payables and accrued expenses	**382**	347
	528	623

Note 16. Deferred tax asset

	2014 $'000	2013 $'000
Non Current		
Deferred tax assets		
Balance at 1 July	**3,964**	4,548
Provisions – employee benefits	**68**	(474)
Other expenses	**(5)**	(5)
Changes in value of available-for-sale financial investments	**(236)**	(105)
Balance at 30 June	**3,791**	3,964

Note 17. Provisions

	2014 $'000	2013 $'000
Employee benefits		
Balance at 1 July	**13,529**	15,110
Additional provisions	**1,729**	990
Amounts used	**(1,503)**	(777)
Unused amounts reversed - *	**-**	(1,794)
Balance at 30 June	**13,755**	13,529
Analysis of total provisions		
Current		
Recreation leave	**310**	313
Long service leave	**217**	276
Defined benefits obligation	**489**	532
Total current	**1,016**	1,122
Non-current		
Long service leave	**206**	126
Defined benefits obligation	**12,533**	12,281
Total non-current	**12,739**	12,407
Total provisions	**13,755**	13,529

***** The prior year unused amount wholly relates to the entity's defined benefits obligation.

Provision for long term employee benefits
Provision for employee benefits represents amounts accrued for annual leave, long service leave and defined benefits obligations.

The current portion of this provision included the total amount accrued for annual leave entitlements and the amounts accrued for long service leave entitlements that have vested due to employees having completed the required period of service. Based on past experience, the entity does not expect the full amount of annual leave or long service leave balances classified as current liabilities to be settled within the next twelve months. However these amounts must be classified as current liabilities since the entity does not have an unconditional right to defer settlement of these amounts in the event employees wish to use their leave entitlements.

The non-current portion for this provision includes amounts accrued for long service leave entitlements that have not yet vested in relation to those employees who have not yet completed the required period of service.

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 31(g).

Note 18. Retirement benefit obligations

Fund information
The Retirement Benefits Fund ("RBF") is a defined benefit fund in which members receive lump sum benefits on resignation and lump sum or pension benefits on retirement, death or invalidity. The defined benefit section of RBF is closed to new members. All new members receive accumulation only benefits.

	2014 $'000	2013 $'000
Reconciliation of the defined benefit obligation		
Present value of the defined benefit obligation at the beginning of the year	**15,333**	16,946
Current service cost	**189**	219
Interest cost	**636**	573
Contributions by plan participants	**54**	57
Actuarial (gains) losses	**661**	(1,781)
Benefits paid	**(1,245)**	(657)
Taxes, premiums and expenses	**(22)**	(24)
Present value of the defined benefit obligation at the end of the year	**15,606**	15,333

The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.

	2014 $'000	2013 $'000
Reconciliation of the fair value of scheme assets		
Fair value of plan assets at the beginning of the year	**2,520**	2,463
Expected return on plan assets	**-**	179
Actuarial gains (losses)	**-**	38
Interest income	**104**	-
Actual return on plan assets less interest income	**105**	-
Employer contributions	**1,068**	464
Contributions by plan participants	**54**	57
Benefit paid	**(1,245)**	(657)
Taxes, premiums and expenses	**(22)**	(24)
Fair value of plan assets at the end of the year	**2,584**	2,520
Reconciliation of the assets and liabilities recognised in the statement of financial position		
Defined benefit obligation	**15,606**	15,333
Fair value of plan assets	**(2,584)**	(2,520)
Net superannuation liability (asset)	**13,022**	12,813
Current net liability	**489**	532
Non-current net liability	**12,533**	12,281
	13,022	12,813
Expense recognised in the statement of comprehensive income		
Service cost	**189**	219
Interest cost	**533**	573
Expected return on assets	**-**	(179)
	722	613
Amounts recognised in other comprehensive income		
Actuarial (gains) losses	**555**	(1,819)
Cumulative amount recognised in other comprehensive income		
Cumulative amount of actuarial (gains) losses at end of prior year	**4,173**	5,992
Actuarial (gains) losses recognised during the year	**555**	(1,819)
Cumulative amount of actuarial (gains) losses at end of year	**4,728**	4,173
Actual return on fund assets		
Actual return on plan assets	**105**	217

Fair value of fund assets

Asset category	Total	As at 30 June 2014^ Quoted prices in active markets for identical assets – Level 1	Significant observable inputs – Level 2	Unobservable inputs – Level 3
	$'000	**$'000**	**$'000**	**$'000**
Cash and cash equivalents	359	359	-	-
Equity instruments	1,825	923	828	74
Debt instruments	360	104	150	106
Derivatives	(13)	-	(13)	-
Real estate	53	-	53	-
Total	**2,584**	**1,386**	**1,018**	**180**

^ Estimated based on assets allocated to Public Trustee as at 30 June 2014 and asset allocation of the RBF Scheme as at 30 June 2013.

Fair value of the entity's own financial instruments
The fair value of the fund assets includes no amounts relating to:
- any of the entity's own financial instruments, and
- any property occupied by, or other assets used by, the entity.

Expected rate of return on fund assets
The expected return on assets assumption is determined by weighting the expected long-term return for each asset class by the target allocation of assets to each class and allowing for the correlations of the investment returns between asset classes. The returns used for each asset class are net of estimated investment tax and investment fees.

Principal actuarial assumptions at the statement of financial position date

As at	**30 June 2014**	30 June 2013
Discount rate	**4.10 pa**	4.25 pa
Expected salary increase rate	**3.00 pa**	3.00 pa
Expected rate of increase in compulsory preserved amounts	**4.50 pa**	3.75 pa
Expected pension increase rate	**2.50 pa**	2.50 pa

	2014	**2013**	**2012**	**2011**	**2010**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Historical information					
Present value of defined benefit obligation	**15,606**	15,333	16,946	12,669	12,844
Fair value of plan assets	**(2,584)**	(2,520)	(2,463)	(2,353)	(2,447)
Deficit in plan	**13,022**	12,813	14,483	10,316	10,397
Experience adjustment (gain) loss plan assets	**-**	(38)	(156)	163	(92)
Experience adjustment (gain) loss plan liabilities	**96**	153	455	(193)	470

	2015
	$'000
Expected contributions	
Expected employer contributions	**489,000**

Note 19. Reserves

	2014 $'000	2013 $'000
Fair value reserve		
Balance at beginning of year	**-**	-
Adoption of AASB 9	**635**	-
Balance at end of the year	**635**	-

The fair value reserve is used to recognise the change in fair values of managed investment funds that are measured at fair value through other comprehensive income from 1 July 2013.

Note 20. Leasing commitments

	2014 $'000	2013 $'000
Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable – minimum lease payments:		
- Not later than one year	**608**	541
- Later than one year but not later than five years	**1,731**	969
- Later than five years	**733**	62
	3,072	1,572

The property lease in Hobart was renegotiated during the year ended 30 June 2014 and is a non-cancellable lease with a seven year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments should be increased by 3% per annum. An option exists to renew the lease at the end of the seven year term for an additional term of three years.

The property lease in Launceston is a non-cancellable lease with a five year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments should be increased at the higher of consumer price index ("CPI") or 0% per annum. An option exists to renew the lease at the end of the five year term for an additional term of five years.

The property lease term in Burnie was extended during the year ended 30 June 2014. The lease is non-cancellable lease with a six year term, with rent payable monthly in advance. Contingent rental provisions within the lease agreement require that the minimum lease payments should be increased at the higher of consumer price index ("CPI") or 0% per annum. An option exists to renew the lease at the end of the six year term for an additional term of five years.

The property lease in Devonport is a non-cancellable lease with a two year term, with rent payable monthly in advance. An option exists to renew the lease at the end of the two year term for an additional term of two years.

Note 21. Cash flow information

a. Reconciliation of cash flows from operations with profit after income tax

	2014 $'000	2013 $'000
Profit after income tax before other comprehensive income	**739**	1,314
Non cash and financing flows in profit:		
Depreciation	**106**	95
Re-measurement of financial assets	**-**	(757)
Distribution income treated as investing activities	**(555)**	(880)
Changes in assets and liabilities:		
(Increase) in trade and other receivables	**(7)**	(55)
(Decrease) in trade and other payables	**(95)**	(6)
Increase in tax assets	**96**	126
(Decrease) / increase in provisions	**(329)**	238
Cash flows from operations	**(45)**	75

Note 22. Contingent liabilities and contingent assets

The entity had no contingent liabilities and no contingent assets at the end of the reporting period.

Note 23. Events after the reporting period

The directors are not aware of any significant events since the end of the reporting period.

Note 24. Operating segments

The entity provides trustee and related financial services and operates predominantly in Tasmania and has no separate operating segments.

Note 25. Related party transactions

iv. The entity's main related parties are as follows:

Key management personnel
Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel.

For details of disclosures relating to key management personnel, refer to note 8: Key management personnel compensation.

Other related parties
Other related parties include entities over which key management personnel have joint control.

b. Transactions with related parties
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2014 $	2013 $
Purchase of goods and services		
- Burnie Office rental expenses paid to Long Rock Pty Ltd until 30 November 2012. Director Ms CJM Rockefeller's husband was a director of Long Rock Pty Ltd.	-	19,488

The Directors of the entity for the year ended 30 June 2014 were:
- Mr CJ Stephens, Chairman
- Mr PM Maloney, Chief Executive Officer (retired 21 February 2014)
- Ms B Mathison
- Ms CJM Rockefeller
- Mr PR Blackwood
- Ms L Gillam (appointed 2 December 2013)

Note 26. Financial risk management

The entity's financial instruments consist mainly of deposits with banks, investments in unlisted managed funds and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	2014 $'000	2013 $'000
Financial assets		
Cash and cash equivalents	**3,351**	2,732
Trade and other receivables	**332**	508
Other financial assets	**11,700**	10,802
	15,383	14,042
Financial liabilities		
Trade and other payables	**528**	623

Financial risk management policies
The directors' overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposure and management
The main risks the entity is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Board's objectives, policies and processes for managing or measuring the risks from the previous period.

iv. Credit risk

Exposure to credit risk relating to financial assets arises from the potential non-performance by counterparties of contract obligations that could lead to a financial loss to the entity.

Credit risk is managed through maintaining procedures (such procedures include the utilisation of systems for the approval, granting and renewal of credit limits, the regular monitoring of exposures against such limits and the monitoring of the financial stability of significant customers and counterparties) ensuring, to the extent possible that customers and counterparties to transactions are of sound credit worthiness. Such monitoring is used in assessing receivables for impairment. Credit terms are generally 14 to 30 days from the date of invoice.

The entity minimizes the risks associated with the investment of its corporate funds by investing strictly in accordance with its Corporate Funds Investment Policy which complies with the Treasurer's Instruction GBE 07-44-01. That policy contains a risk management plan and a risk register which have strategies to address risks identified. The policy is monitored regularly and reviewed on an annual basis by the directors.

Risk is also minimised through investing surplus funds in financial institutions that maintain a high credit rating or in entities that the directors have otherwise cleared as being financially sound.

Credit risk exposures
The maximum exposure to credit risk by class of recognised financial assets at the end of the reporting period excluding the value of any collateral or other security held is equivalent to the carrying value and classification of those financial assets (net of any provisions) as presented in the statement of financial position.

The entity has no significant concentrations of credit risk with any single counterparty or entity of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 12.

Trade and other receivables that are neither past due nor impaired are considered to be of high credit quality. Aggregates of such amounts are as detailed in Note 12.

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved board policy. The following table provides information regarding the credit risk relating to cash and money market securities based on Standard and Poor's counterparty credit ratings:

	2014 $'000	2013 $'000
Cash and cash equivalents		
- AA- Rated	**3,350**	2,730
Financial assets		
- AAAm Rated	**1,050**	1,050
- Unrated	**10,650**	9,752
	11,700	10,802

b. Liquidity risk

Liquidity risk arises from the possibility that the entity might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The entity manages this risk through the following mechanisms:

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities,
- maintaining a reputable credit profile,
- only investing surplus cash with major financial institutions, and
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

The table below reflect the undiscounted contractual maturity for financial liabilities.

Cash flows realised from financial assets reflect management's expectation as to the timing of realisation. Actual timing may therefore differ from that disclosed. The timing of cash flows presented in the table to settle financial liabilities reflects the earliest contractual settlement dates and does not reflect management's expectations that banking facilities will be rolled forward.

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Financial liabilities due for payment						
Trade and other payables	(528)	(623)	-	-	(528)	(623)
Total expected outflows	(528)	(623)	-	-	(528)	(623)
Financial assets – cash flow realisable						
Cash and cash equivalents	3,351	2,732	-	-	3,351	2,732
Trade, and other receivables	332	508	-	-	332	508
Financial assets	-	10,802	11,700	-	11,700	10,802
Total anticipated inflows	3,683	14,042	11,700	-	15,383	14,042
Net inflow on financial instruments	3,155	13,419	11,700	-	14,855	13,419

c. Market risk

Interest rate risk

Exposure to interest rate risk arises on financial assets and financial liabilities recognised at the end of the reporting period whereby a future change in interest rates will affect future cash flows or the fair value of fixed rate financial instruments. The entity is also exposed to earnings volatility on floating rate instruments. The financial instruments which primarily expose the entity to interest rate risk are government and fixed interest securities and cash and cash equivalents.

Price risk

Price risk relates to the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities held. Such risk is managed through diversification of investments across industries and geographic locations.

Sensitivity analysis

The following table illustrates sensitivities to the entity's exposures to changes in interest rates and equity prices. The table indicates the impact on how profit and equity values reported at balance date would have been affected by changes in the relevant risk variable that management considers to be reasonably possible.

These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit $'000	Equity $'000
Year ended 30 June 2014		
+/- 100 bps in interest rates	**34**	**23**
+/- 100 bps in investments	**117**	**82**
Year ended 30 June 2013		
+/- 100 bps in interest rates	27	19
+/- 100 bps in investments	108	76

There have been no changes in any of the methods or assumptions used to prepare the above sensitivity analysis from the prior year.

Net fair values

(iv) Fair value estimation

The fair values of financial assets and financial liabilities are presented in the following table and can be compared to their carrying values as presented in the statement of financial position. Fair value is the amount at which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair values derived may be based on information that is estimated or subject to judgement, where changes in assumptions may have a material impact on the amounts estimated. Areas of judgement and the assumptions have been detailed below. Where possible, valuation information used to calculate fair value is extracted from the market, with more reliable information available from markets that are actively traded. Where securities are unlisted and no market quotes are available, fair value is obtained using discounted cash flow analysis and other valuation techniques commonly used by market participants.

Differences between fair values and carrying values of financial instruments with fixed interest rates are due to the change in discount rates being applied by the market since their initial recognition by the entity. Most of these instruments, which are carried at amortised cost (i.e. trade receivables) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the entity.

(ii) Financial instruments measured at fair value
The financial instruments recognised at fair value in the statement of financial position have been analysed and classified using a fair value hierarchy reflecting the significance of the inputs used in making the measurements. The fair value hierarchy consists of the following levels:

- quoted unit prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

	Level 1	**Level 2**	**Level 3**	**Total**
	$'000	**$'000**	**$'000**	**$'000**
2014				
Financial assets				
Investments in unlisted managed funds	**-**	**11,700**	**-**	**11,700**
2013				
Financial assets				
Investments in unlisted managed funds	-	10,802	-	10,802

The fair value of investments in unlisted managed funds has been based on the closing quoted unit prices at the end of the reporting period, excluding transaction costs.

Note 27. Client assets under management and trusteeship

The entity manages the assets of its clients pursuant to *The Public Trustee Act 1930.* These assets are not reflected in the Statement of Financial Position as they are held in trust. The entity maintains two investment funds to provide clients with a prudent investment for the particular circumstances of each client. The details of the fund assets are as follows:

	Common Fund $'000	No. 1 Fund $'000	No. 2 Fund $'000	Total '000
2014				
Net assets				
Cash	**1,830**	**398**	**871**	**3,099**
Term deposits	**56,000**	**-**	**-**	**56,000**
Receivables	**-**	**152**	**1,606**	**1,758**
Financial assets				
- Cash	**-**	**3,499**	**5,484**	**8,983**
- Australian fixed interest *	**-**	**2,885**	**21,148**	**24,033**
- Australian equities *	**-**	**1,347**	**21,912**	**23,259**
- Property securities *	**-**	**579**	**7,124**	**7,703**
- International equities *	**-**	**595**	**8,307**	**8,902**
- International equities (hedged) *	**-**	**634**	**8,865**	**9,499**
Payables	**-**	**(28)**	**(101)**	**(129)**
	57,830	**10,061**	**75,216**	**143,107**
Equity				
Client funds	**54,479**	**10,061**	**75,216**	**139,756**
Entity funds	**3,351**	**-**	**-**	**3,351**
	57,830	**10,061**	**75,216**	**143,107**
2013				
Net assets				
Cash	5,702	207	255	6,164
Term deposits	56,000	-	-	56,000
Receivables	-	238	2,594	2,832
Financial assets				
- Cash	-	3,439	5,419	8,858
- Australian fixed interest *	-	3,132	19,295	22,427
- Australian equities *	-	1,243	17,997	19,240
- Property securities *	-	549	6,760	7,309
- International equities *	-	725	7,581	8,306
- International equities (hedged) *	-	590	6,975	7,565
Payables	-	(219)	(2,503)	(2,722)
	61,702	9,904	64,373	135,979
Equity				
Client funds	58,970	9,904	64,373	133,247
Entity funds	2,732	-	-	2,732
	61,702	9,904	64,373	135,979

* These investments are in unlisted unit trusts which would, applying the fair value hierarchy outlined in note 26I (ii), be categorised as level 2.

A summary of the investment flows to and from each fund and the allocation of net fund earnings follows:

	Common Fund $'000	No. 1 Fund $'000	No. 2 Fund $'000	Total $'000
2014				
Fund value				
Balance at 1 July	**61,702**	**9,904**	**64,373**	**135,979**
Applications	**141,932**	**2,550**	**8,661**	**153,143**
Redemptions	**(145,804)**	**(2,968)**	**(4,910)**	**(153,682)**
Net profit	**1,519**	**666**	**8,098**	**10,283**
Distributions	**(1,519)**	**(91)**	**(1,006)**	**(2,616)**
Balance at 30 June	**57,830**	**10,061**	**75,216**	**143,107**
2013				
Fund value				
Balance at 1 July	62,809	11,724	59,354	133,887
Applications	90,175	1,423	7,284	98,882
Redemptions	(91,282)	(3,651)	(6,607)	(101,540)
Net profit	2,165	890	8,893	11,948
Distributions	(2,165)	(482)	(4,551)	(7,198)
Balance at 30 June	61,702	9,904	64,373	135,979

Note 28. Economic dependency

The entity is reliant on the funding received from the Tasmanian Government in respect of the Community Service Obligations (CSO) performed by the entity. The amount of CSO funding received by the entity during the year ended 30 June 2014 was $1,470,000 (2013: $1,360,000).

Note 29. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

Items	Measurement bases
Investments in unlisted managed funds	Fair val–e - closing quoted unit prices at the end of the reporting period, excluding transaction costs.
Net defined benefit liability	Fair value of plan assets less the present value of the defined benefit obligation.

Note 30. Changes in accounting policies

Except the changes below, the entity has consistently applied the accounting policies set out in Note 31 to all periods in these financial statements.

The entity has adopted the following standards and amendments to standards, including any consequential amendments to other standards, with a date of application of 1 July 2013.

(a) Financial instruments

The entity has elected to early adopt AASB 9 *Financial Instruments* (2010 and as amended by other Accounting Standards), with a date of initial application of 1 July 2013. The entity has applied the transitional provisions contained in AASB 9.

As a result, the entity has classified its financial assets as subsequently measured at either amortised cost or fair value depending on the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

These changes in accounting policy are applied on a retrospective basis, except as described below. In accordance with the transitional provisions for AASB 9, the classification of financial assets that the entity held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date. AASB 9 requires entities with a date of initial application on or after 1 January 2013 to provide certain additional transitional disclosures. In accordance with the transitional provisions of AASB 9, the entity has not restated prior periods but has classified the financial assets that the entity held at 1 July 2013 retrospectively based on the facts and circumstances of the business model in which the assets were held at that date.

As the entity does not have any financial liabilities designated at fair value through profit or loss, the adoption of AASB 9 did not impact the entity's accounting policies for financial liabilities disclosed in its financial statements for the year ended 30 June 2013.

Impact of change in accounting policy

The key change arising from the change in accounting policy is in respect to the accounting for investments in managed funds. Prior to the adoption of AASB 9, these financial assets were classified as 'financial assets designated at fair value through profit and loss' however under AASB 9 the new measurement category is 'fair value through other comprehensive income'.

The methodology for assessment of fair value for these investments has not changed under AASB 9, however on transition the entity elected to apply the transitional provisions which allowed the entity to revoke its previous designation of these investments at 'fair value through profit or loss' and instead apply from the application date of 1 July 2013 a model where the fair value is taken directly to reserves through other comprehensive income. This election is made on an asset-by-asset basis and is irrevocable and was undertaken as it was considered to provide more relevant information to the users of the entity's financial report. As the measurement basis of fair value has not changed under AASB 9, there was no adjustment required to opening retained earnings.

The following table summarises the classification and measurement changes to the entity's financial assets and liabilities on 1 July 2013, the entity's date of initial application of AASB 9.

Financial assets					
	Note	**Original measurement category under AASB 139**	**New measurement category under AASB 9**	**Original carrying amount under AASB 139 $'000**	**New carrying amount under AASB 9 $'000**
Cash and cash equivalents		Loans and receivables	Amortised cost	2,732	2,732
Trade and other receivables		Loans and receivables	Amortised cost	508	508
Investments in managed funds	(i)	Fair value through profit or loss	Fair value through comprehensive income	10,802	10,802

(iv) i) Investments in managed funds are held strategically for the purposes of offsetting the entity's defined benefit liability. As permitted by AASB 9, the entity has designated these investments to be measured at fair value through other comprehensive income at the date of initial application.

Financial liabilities					
		Original measurement category under AASB 139	**New measurement category under AASB 9**	**Original carrying amount under AASB 139 $'000**	**New carrying amount under AASB 9 $'000**
Trade and other payables		Other financial liabilities	Amortised cost	623	623

There have been no other reclassifications or remeasurement to the entity's other financial assets or liabilities upon the early adoption of AASB 9.

(b) Fair value measurement

AASB 13 *Fair Value Measurement* establishes a single framework for measuring fair value and making disclosures about fair value measurements when such measurements are required or permitted by other accounting standards. It unifies the definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It replaces and expands the disclosure requirements about fair value measurements in other accounting standards, including AASB 7 *Financial Instruments: Disclosures*. As a result the entity has included additional disclosures in this regard (see note 26).

In accordance with the transitional provisions of AASB 13, the entity has applied the new fair value measurement guidance prospectively and has not provided any comparative information for new disclosures. This change in accounting policy has had no significant impact on the measurements of the entity's assets and liabilities.

(c) Post-employment defined benefit plans

As a result of amendments to AASB 119 *Employee benefits*, the entity has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans.

Under the amended AASB 119, the entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined benefit liability (asset) now comprises: interest cost on the defined benefit obligation, interest income on plan assets, and interest on the effect on the asset ceiling. Previously, the entity determined interest income on plan assets based on their long-term rate of expected return.

Note 31. Significant accounting policies

Except for the changes explained in Note 30, the entity has consistently applied the following accounting policies to all periods presented in these financial statements.

a. Income tax equivalent

Pursuant to the *Government Business Enterprise Act 1995* the entity is required to pay an income tax equivalent to the State of Tasmania as if it were a company pursuant to Australian income tax laws. The entity has applied tax effect accounting principles prescribed in AASB112 *Income Taxes*.

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited outside profit or loss when the tax relates to items that are recognised outside profit or loss.

No deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profit will be available against which the benefits of the deferred tax asset can be utilised.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and (b) the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

b. Plant and equipment

(iv) Each class of plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses**i) Plant and equipment**

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit of loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 1 (e) for details of impairment).

(ii) Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over the asset's useful life to the entity commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Plant and equipment	10% to 40%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income. When revalued assets are sold, amounts included in the revaluation surplus relating to that asset are transferred to retained earnings.

c. Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are recognised as expenses in the periods in which they are incurred.

d. Financial instruments – Policy applicable from 1 July 2013

Non-derivative financial assets

The entity initially recognises financial assets on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value. If the financial asset is not subsequently measured at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. The entity subsequently measures financial assets at either amortised cost or fair value.

The entity derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the right to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset that is created or retained by the entity is recognised as a separate asset or liability.

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. In accordance with the transitional provisions of AASB 9, the classification of the financial assets that the entity held at the date of initial application was based on the facts and circumstances of the business model in which the financial assets were held at that date.

Financial assets measured at amortised cost

A financial asset is subsequently measured at amortised cost using the effective interest method and net of any impairment loss, if:

- the asset is held within a business model with an objective to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial assets give rise, on specified dates, to cash flows that are solely payments to principal and interest.

The entity's policy on impairment is the same as that applied in its financial statement as at and for the year ended 30 June 2013 for loans and receivables and held-to-maturity investments (see note (f)).

Financial assets measured at fair value

Financial assets other than those classified as financial assets measured at amortised cost are subsequently measured at fair value with all changes in value recognised in profit or loss.

However, for investments in non-rated managed funds that are not held for trading, the entity may elect at initial recognition to present gains and losses in other comprehensive income. For instruments measured at fair value through other comprehensive income, gains or losses are never classified to profit or loss and no impairments are recognised in profit or loss. Distributions earned from such investments are recognised in profit or loss unless the distribution clearly represents a repayment of part of the cost of the investment.

Non-derivative financial liabilities

The entity initially recognises financial liabilities on the trade date, which is the date the entity becomes a party to the contractual provision of the instrument.

The entity classified all other non-derivative financial liabilities into the amortised cost measurement category. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Financial liabilities comprise trade and other payables.

e. Financial instruments – Policy application prior to 1 July 2013

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the entity commits itself to either purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transactions costs except where the instrument is classified as 'at fair value through profit or loss in which case the transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement
Financial instruments are measured at fair value, amortised cost using the effective interest rate method, or cost.

Amortised cost is calculated as the amount at which the financial asset or financial liability is measured at initial recognition less principal repayments and any reduction for impairment, and adjusted for any cumulative amortisation of the difference between that initial amount and the maturity amount calculated using the *effective interest method*.

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions and reference to similar instruments.

(iv) The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss**i)**

Financial assets at fair value through profit or loss

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

They comprise investments in non rated managed investment funds where there is neither a fixed maturity nor fixed or determinable payments.

Financial assets at fair value through profit or loss are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

(iii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the entity's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

(iv) Available-for-sale financial assets

Available for sale financial assets are non-derivative financial assets that are either not capable of being classified into other categories of financial assets due to their nature or they are designated as such by management.

(v) Financial liabilities

Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

Impairment

At the end of each reporting date, the entity assesses whether there is objective evidence that a financial asset has been impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events (a 'loss event') having occurred, which has an impact on the estimated future cash flows of the financial asset(s).

In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to constitute a loss event. Impairment losses are recognised in profit or loss immediately. Also, any cumulative decline in fair value previously recognised in other comprehensive income is reclassified to profit or loss at this point.

De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired. The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

f. Impairment of assets

At the end of each reporting period, the entity assesses whether there is any indication that an asset may be impaired. The assessment will include the consideration of external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount in accordance with another Standard (e.g. in accordance with the revaluation model in AASB 116). Any impairment loss of a revalued asset is treated as a revaluation decrease in accordance with that other Standard.

Where it is not possible to estimate the recoverable amount of an individual asset, the entity estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(iv) Employee benefiti) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the entity has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(ii) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(iii) Defined benefits plan

The entity's defined benefits plan is in respect of current and former employees who have defined benefits arising from membership of the contributory section of the Retirement Benefits Fund ("RBF), which is a Board of the Tasmanian Government.

The entity's net obligation in respect of its defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a Tasmanian Government appointed qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the entity, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.
To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The entity recognises gain and losses on settlement of a defined benefit plan when the settlement occurs.

(iv) Other long-term employee benefits

The entity's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

g. Provisions

Provisions are recognised when the entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at the end of the reporting date.

h. Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Notes to the financial statements
for the year ended 30 June 2014

i. Revenue and other income

Revenue is measured at the fair value of the consideration received or receivable.

(i) Commissions

Commissions revenue is recognised as the relevant administration transactions occur.

(ii) Fees

Fees revenue from rendering a service is recognised as the service is provided.

(iii) Funding of Community Service Obligations (CSO)

CSO funding revenue is recognised as the CSOs are performed.

Interest revenue is recognised using the effective interest metho
(iv) d.

Dividend revenue is recognised when the right to receive a dividend has been establishe
(v) d.

j. Trade and other payables

Trade and other payables represent the liability for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

k. Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office ("ATO").

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position.

Cash flows in the Statement of Cash Flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the ATO, are presented as operating cash flows included in receipts from clients or payments to suppliers.

l. Comparative figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

m. Dividends

The entity pays dividends in accordance with its statutory requirements as determined under Part 11 Division 2 of the *Government Business Enterprises Act 1995*. To the extent dividends are payable, the calculation base for the payment of dividends is the profit (loss) for the year excluding financial asset revaluations.

14. Statement of Certification

In the opinion of the directors of the Public Trustee ("the entity"):

a) the financial statements and notes of the entity are in accordance with the *Government Business Enterprises Act 1995*, including:

  (i) giving a true and fair view of the results and cash flows for the year ended 30 June 2014 and the financial position as at 30 June 2014 of the entity; and

  (ii) complying with the Australian Accounting Standards and Interpretations and with the Treasurer's Instructions.

b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

This declaration has been made after receiving the following declaration from the Chief Executive Officer and Chief Financial Officer of the entity:

a) the financial records of the enterprise for the year ended 30 June 2014 have been properly maintained in accordance with Section 51 of the *Government Business Enterprises Act 1995*;

b) the financial statements and notes for the year ended 30 June 2014 have been prepared in accordance with Section 52 of the *Government Business Enterprises Act 1995*; and

c) the financial statements and notes for the year ended 30 June 2014 give a true and fair view.

Signed in accordance with a resolution of the directors:

Craig J Stephens
Director

Caroline JM Rockefeller
Director

Hobart, 11 August 2014

15. Independent Auditor's Report

Tasmanian Audit Office

Independent Auditor's Report

To Members of the Parliament of Tasmania

Public Trustee

Financial Report for the Year Ended 30 June 2014

Report on the Financial Report

I have audited the accompanying financial report of Public Trustee which comprises the statement of financial position as at 30 June 2014, the statements of comprehensive income, changes in equity and cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Directors.

Auditor's Opinion

In my opinion:

(a) Public Trustee's financial report:

(i) presents fairly, in all material respects, its financial position as at 30 June 2014, and its financial performance, cash flows and changes in equity for the year then ended; and

(ii) is in accordance with the *Government Business Enterprises Act 1995* and Australian Accounting Standards

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

The Responsibility of the Directors for the Financial Report

The Directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and Section 52 (1) of the *Government Business Enterprises Act 1995*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the Directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

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Auditor's Responsibility

My responsibility is to express an opinion on the financial report based upon my audit. My audit was conducted in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance as to whether the financial report is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on my judgement, including the assessment of risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, I considered internal control relevant to the Directors' preparation and fair presentation of the financial report in order to design audit procedures that are appropriate to the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Public Trustee's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independence

In conducting this audit, I have complied with the independence requirements of Australian Auditing Standards and other relevant ethical requirements. The *Audit Act 2008* further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General, and
- mandating the Auditor-General as auditor of State Entities but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Tasmanian Audit Office are not compromised in their role by the possibility of losing clients or income.

My independence declaration was provided to the Directors on the same date as this audit opinion and is included in the Directors' report.

Tasmanian Audit Office

H M Blake
Auditor-General

HOBART
11 August 2014

16. Superannuation Declaration

I hereby certify that the Public Trustee has met its obligations under the Commonwealth's *Superannuation Guarantee (Administration) Act 1992* in respect of any employee who is a member of a complying superannuation scheme to which the Public Trustee contributes.

David Benbow
Chief Executive Officer

Hobart, 11 August 2014

17. Public Interest Disclosures Act 2002

In accordance with the *Public Interest Disclosures Act 2002*, the Public Trustee has developed procedures and established a system for reporting disclosures of improper conduct or detrimental action by the Public Trustee or its employees.

Any person wishing to obtain a copy of these procedures may do so by downloading an electronic version of the document from our website www.publictrustee.tas.gov.au or a hard copy of it is available on request from any of our branches.

During the year in review, no disclosed matters were made to the Public Trustee.

18. Managing Performance in the Public Trustee

In accordance with *Employment Direction No. 26 – Managing Performance in the State Service*, employment practices at the Public Trustee are aligned to meet priorities, strategies, operational plans and the corporate values. Priorities are identified through the corporate planning process; individual unit business plans and alignment with individual roles within the organisation.

The Public Trustee places a high importance on performance management and this is reinforced through a number of practices. The Public Trustee's performance management system includes a comprehensive induction program; the probationary process (where applicable); the development of annual performance agreements with all employees, the identification of learning and development needs; career progression planning; and regular reviews of an individual's performance against their plan.