

# Annual Report 2008/2009



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

**Public Trustee**

The Hon Lara Giddings MP  
Attorney General and Minister for Justice and Health  
Level 10, 15 Murray Street  
HOBART TAS 7000

Dear Minister,

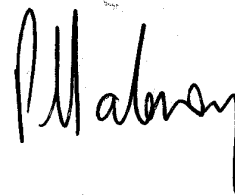
In accordance with Section 55 of the *Government Business Enterprises Act 1995*, we submit for your information and presentation to Parliament the Report of the Public Trustee for the year ended 30 June 2009.

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

Yours faithfully,



Ann Cunningham  
Chairperson  
The Board of the Public Trustee



Peter Maloney  
Chief Executive Officer  
Public Trustee

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## Responsible Minister

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

## Principal Legislation

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

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

## Main Undertakings

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

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

# Our Mission, Vision and Values

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

The Mission states the purpose of the Public Trustee - the reason for our existence.

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

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

## Mission Statement

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

## Vision Statement

To be the first choice provider of trustee services in Tasmania.

## 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.
- Integrity – open, honest and ethical service delivery.

# Chairperson's Report

It is my pleasure to present the Annual Report for the year ended 30 June 2009.

The organisation has again achieved a sound financial result – an operating profit after tax for the financial year of \$690,284. This continues the consolidation of the Public Trustee as a commercially driven, successful Government Business Enterprise, delivering value to our clients in the Tasmanian community.

Factors contributing to the result were:

- Total revenue from ordinary activities was 3.4% higher than last year.
- Of total revenue, commission and fees increased by 11.0% on last year.
- Total expenses from ordinary activities increased by 9.9% during the year with salaries and associated expenses up 6.3%.

In the year in review we paid \$455,220 to the Government by way of dividend.

Funds under management continue to be a core area of business for the organisation. Client funds under management are \$132 million, with total client assets under administration amounting to \$199 million.

The deposit rate paid by the Public Trustee's Common Fund during the year was competitive and reflected market trends. Interest rates paid to contributors ranged from 1.98% to 7.67% per annum. These rates reflect the downturn in cash rates as a result of the global financial crisis.

The Public Trustee has three diversified Group Investment Funds (No 1, No 2 and No 3), which have exposure to varying allocations of defensive and growth assets. Since being established in May 2004 the Funds have provided annualised returns over the past five years of 4.00%, 2.97% and 3.71% respectively to the end of June 2009. These returns have been affected by the significant down turn in the markets flowing from the global financial crisis.

The directors and senior managers of the Public Trustee undertook a comprehensive review of the organisation's strategic direction during the year. This provided an updated Corporate Plan to guide the organisation over the ensuing three years.

Growth in core commercial business continues to be the priority of the Board. Without our commercial business and the significant increase in Government funding, we would be unable to provide our Community Service Obligations to our clients.

Last year the Public Trustee developed a new logo and positioning statement. The Public Trustee embarked upon a public brand awareness campaign in both print and television media. In addition, a number of marketing strategies around the new positioning statement were developed and implemented.

During the year in review, the Board took the strategic decision to divest itself of its commercial properties, namely the car park in Watchorn Street Hobart and "Trustee

House” in Murray Street. The Board took the view that retention of these properties was a financial risk to the organisation and it was inappropriate to have such a large percentage of the Public Trustee’s corporate funds tied up in commercial Hobart property.

Both properties have now been sold. We have agreed with the new owner to take a five year lease on Trustee House with the option of a further five years.

The Board is developing an Investment Policy for its corporate funds and has engaged an external consultant for that purpose. Once the Policy has been approved, a decision will be made as to how to invest these funds in the future to best meet the needs of the Public Trustee.

During the year in review, the Board determined that now was an opportune time to consider the appropriateness of the way in which the Public Trustee delivers services to its clients across the organisation. The Board has therefore engaged an external consultant to assist it in reviewing the existing service delivery model and evaluating other alternatives. The Board believes that it is critical to the future of the Public Trustee that it operates with the most efficient and effective service delivery model.

The Board, during the year, gave consideration to the effect of one of the Public Trustee fees, the monthly account fee, on small value trusts with funds invested in the Common Fund. The Board decided to reduce this fee for small value trusts. It will have a positive impact for a large number of trusts.

Corporate governance continues to be a focus for the Board to ensure that there is an appropriate risk management framework in place and that the Board operates in accordance with best practice.

To assist in this task, the Board conducted its annual review of performance and identified strategies for improvement. This performance review was externally facilitated. In her summary the independent facilitator commented that the overall scores were relatively high and consistent across all respondents to the questionnaire which covered the role of the Board, director’s duties, finances, mission and direction and meetings. Following that review, the Board has developed a Board Charter and a Code of Conduct for Directors. The Charter sets out the Board’s functions and responsibilities and its operational details. The purpose of the Code is to promote ethical standards for Directors in the performance of their duties.

Once again I acknowledge the work of my fellow Board members who carry out their responsibilities with commitment, enthusiasm and dedication. Particular thanks go to the Audit Committee, chaired by Elizabeth Thomas, the Investment Committee, chaired by John Fisher and the Marketing Committee chaired by Beth Mathison.

My thanks are extended to the Chief Executive Officer, Peter Maloney and the management team for their ongoing dedication to the organisation. I further acknowledge the work of our employees in their commitment to continue to provide a high level of service to our clients.

The Public Trustee recognises the challenges that lie ahead in an increasingly competitive market. The organisation continues to develop strategies to respond to these

challenges in order to maintain market share and provide a valuable and quality service to the Tasmanian community.

A handwritten signature in black ink, appearing to read 'Ann Cunningham', with a long horizontal flourish extending to the right.

**Ann Cunningham**  
Chairperson  
Board of the Public Trustee



# Chief Executive Officer's Report

I have pleasure in presenting my report for what has been another successful year for the Public Trustee. We have achieved another good financial result.

However, financial success is just one way we measure our performance. The Public Trustee surveys its clients to gauge feedback as to the standard of service we provide.

Our largest client group is our beneficiaries. The service we provide to them is at the core of our business. We have developed a beneficiary survey to gain feedback in relation to our service in order to facilitate continuous improvement.

Of 554 surveys sent during 2008-2009, we received a response rate of 33%. Of those beneficiaries who responded 78% stated their experience in dealing with the Public Trustee either met or exceeded their expectation. The feedback from these surveys is most welcome and is used by the Public Trustee to assist us in developing strategies for continuous improvement in client service.

Our will client surveys continue to produce outstanding results. For the year in review we distributed 509 surveys with a 56% response rate. Of those who responded, virtually 100% stated that their experience with dealing with the Public Trustee met or exceeded their expectations. This once again is a tremendous result and reflects well on those in the organisation who take will instructions and in particular the professionalism of the Legal Services team.

Our new business in our core areas was comparable with last year.

We wrote 640 new wills and 870 revision wills. Strategies are being developed to assist us in increasing this part of our business.

Public presentations and seminars continue to be a core area of activity for the organisation. We conducted 58 seminars and presentations around the state to a variety of groups and organisations with 1642 attendees.

During the year in review, we implemented a number of marketing strategies, particularly in relation to communicating more frequently with our Will clients. Once again this year we provided seminars in Hobart, Launceston, Devonport and Burnie for our Will clients. This provides them with up to date information on matters of interest to them in relation to their financial and personal legacy. The seminars were well attended. We also produced the sixth edition of our newsletter 'Matters of Trust' which contains useful information for our clients and the Tasmanian community.

Following a review of our branch office accommodation, the Public Trustee Branch offices moved into new premises in Burnie and Launceston during the year. The new premises are modern and will provide benefits to our staff and our clients who visit our offices.

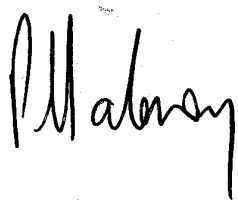
## Key Initiatives completed during the year

Significant progress was made in relation to a number of strategic initiatives identified in the Corporate Plan.

- A marketing and promotional brand awareness campaign was conducted in print and TV media.
- The tax lodgement program and systems were reviewed and enhancements made.
- Payroll services and systems were reviewed and brought back in house with enhanced systems and employee self service.
- Chameleon Will writing software was installed to enhance Will writing processes in the Public Trustee.
- CRM software was purchased and installed.
- Major upgrades and enhancements were made to the core information systems at the Public Trustee.

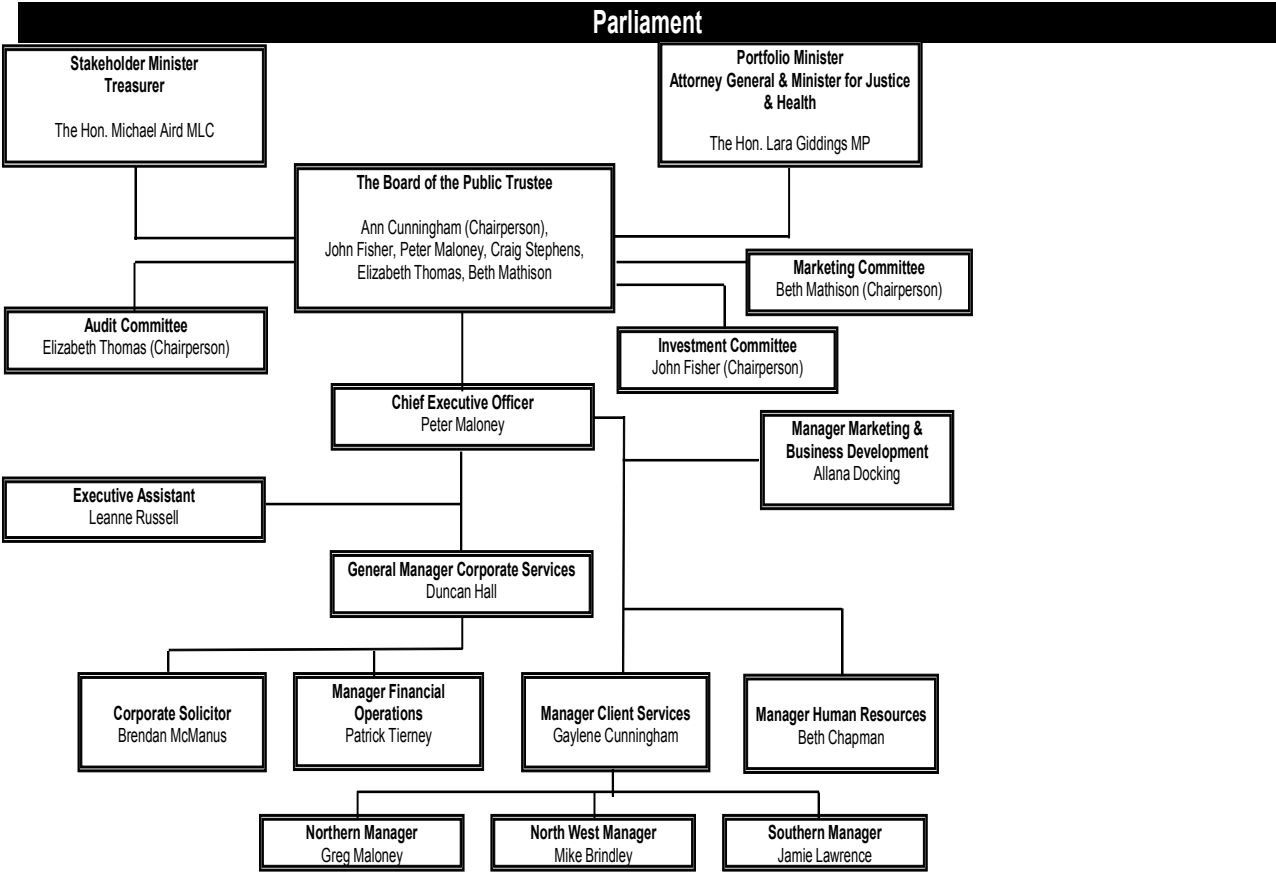
In conclusion I would like to thank the Chairperson of the Board, Ann Cunningham and my fellow Directors. Their contribution to the organisation and their support and assistance to me is invaluable.

I would like to thank the Public Trustee team without whom we would have not have achieved the results we have in the past year. As the Chairperson has said in her report, there are challenges ahead for the organisation. I look forward to working with them and the Board in meeting those challenges and ensuring that the Public Trustee continues to be a successful commercial provider of trustee services to the Tasmanian community.



**Peter Maloney**  
Chief Executive Officer

# Structure of the Public Trustee



# 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 and one Executive Director. 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.

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 and 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.

Given that the Public Trustee is a business operating in a commercial environment, marketing initiatives play an important part in developing its business. The Marketing Committee comprises Directors with marketing expertise. It provides advice and recommendations to the Board in relation to marketing strategies and promotional activities which underpin the strategic direction of the business.

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.

## **Ann Cunningham LLB (Hons.)** Chairperson

Board member April 2000  
Chairperson of the Board May 2004  
Member of the Audit Committee  
Member of the Investment Committee  
Graduate member of the Australian Institute of Company Directors

Ann Cunningham is a barrister and solicitor, an accredited mediator and arbitrator. She is also Senior Member of the Administrative Appeals Tribunal and Presiding Member of The Resource Management and Planning Appeals Tribunal.

## **Peter Maloney LLB** Executive Director

Board Member August 1996  
Chairperson of the Board 2001-2003  
Chief Executive Officer February 2003  
Member of the Investment Committee  
Member of the Marketing Committee  
Graduate member of the Australian Institute of Company Directors

Prior to being appointed CEO of the Public Trustee in 2003 Peter was a Senior Executive with the Department of Justice. Mr Maloney's CEO role is complemented by his understanding of the Public Trustee gained during his tenure as a Board Director since 1996 including 2 years as Chairperson. Peter is a barrister and solicitor and he is also a member of the Salvation Army Advisory Committee.

## **John Fisher**

Board Member August 1996  
Chairperson of the Investment Committee  
Graduate member of the Australian Institute of Company Directors

Mr Fisher has an extensive government and private sector background in the banking and financial services. John's understanding of financial markets and investment principles is particularly valuable to his role as Chair of the Public Trustee's Investment Committee which monitors the performance of the Common Fund and Group Investment Funds.

## **Craig Stephens BCom**

Board Member October 2004  
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.

## **Elizabeth Thomas BA**

Public Trustee 1994-1996  
Chief Executive Officer 1996-2003  
Board Member September 1995  
Chairperson of the Audit Committee  
Member of the Marketing Committee  
Graduate member of the Australian Institute of Company Directors

Ms Thomas has over 25 years of trustee industry experience gained during her career in the public and private industry sectors. Elizabeth's industry knowledge is complemented by her professional skills in corporate governance, organisational development and strategic planning. Elizabeth is a Director of Common Ground Tasmania.

## **Beth Mathison BA Grad.Dip. IR & HR MBA**

Board Member March 2007  
Chairperson of the Marketing Committee  
Graduate member of the Australian Institute of Company Directors

Ms Mathison's marketing, strategic management, business improvement and human resource skills have been gained during the course of her extensive career in private industry. As Chair of the Public Trustee's Marketing Committee, Beth has overseen a significant rebranding of the profile of the organisation including an extensive media campaign.

## Board Performance Review

The Board conducts an annual Self Assessment by way of a questionnaire completed by all Directors. The questions relate to the role of the Board, mission and direction of the Public Trustee, finances of the Public Trustee, role of the CEO, directors duties and Board meetings. Each Director is required to score each question with a range of 1 to 10. When these are completed, the Board meets in an open session to discuss the results and determine required actions.

At least once every 3 years, the evaluation of the Board is conducted by an external facilitator.

## CEO Performance Review

The performance of the CEO is reviewed annually against a performance management agreement. A 360 degree assessment is then conducted and the results discussed with the CEO in an open meeting with directors.

## Code of Conduct

The Board has adopted a Code of Conduct for Directors. Please refer to our website [www.publictrustee.tas.gov.au](http://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:

	<b>Board Meetings</b>		<b>Audit Committee</b>		<b>Investment Committee</b>		<b>Marketing Committee</b>	
	<i>Number Held</i>	<i>Number Attended</i>	<i>Number Held</i>	<i>Number Attended</i>	<i>Number Held</i>	<i>Number Attended</i>	<i>Number Held</i>	<i>Number Attended</i>
Ann Cunningham	16	15	6	6	6	6		
John Fisher	16	14			6	6		
Craig Stephens	16	15	6	6				
Liz Thomas	16	13	6	6			12	12
Beth Mathison	16	15					12	12
Peter Maloney	16	15			6	5	12	11

## 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.



# Corporate Plan

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

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

Strategic initiatives contained in the 2009-10 to 2011-12 Corporate Plan focus on:

- building the commercial business base to ensure the commercial success of the Public Trustee as a Government Business Enterprise
- strategies to shape and promote the public profile of the Public Trustee within the Tasmanian community.
- strategies to increase efficiencies in business processes through innovation and continuous improvement.
- strategies for continuous improvement in client service delivery.

## Statement of Corporate Intent

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

### a) Business Definition

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

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

### b) Business Direction

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

- operating in accordance with sound commercial practices
- operating efficiently and maximising the net worth of the business

- maximising the sustainable return to the State in accordance with the corporate plan and to perform, on behalf of the State, any community service obligations in an efficient manner.

### c) Strategic Direction

The strategic direction of the Public Trustee for the period of the Corporate Plan focuses on the implementation of strategies designed to increase the efficiency and profitability of the Public Trustee, consistent with its community service obligations.

### d) Business Performance Targets

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

Key Performance Indicators	2009-2010	2010-2011	2011-2012
Return on Tangible Assets	1.6%	3.0%	4.2%
Return on Tangible Equity	6.2%	10.8%	13.7%
Net Tangible Equity to Tangible Assets Ratio	22%	21%	22%
Net Profit before tax	\$200,000	\$380,000	\$535,000
Debt to Equity Ratio	N/A	N/A	N/A
Interest Cover Ratio	N/A	N/A	N/A

The notional income from the \$8.97 million provision for Retirement Benefits flows to the provision and has the effect of reducing the return on assets.

### e) Distribution Policy and Targets

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

	2009-2010	2010-2011	2011-2012
Dividends	\$307,400	\$82,000	\$145,000
Income tax equivalent payments	\$36,000	\$90,000	\$136,500
Guarantee fees	\$0	\$0	\$0
TOTAL	\$343,400	\$172,000	\$281,500
Dividend payout ratio	50%	50%	50%

### f) Capital Structure

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

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

# Financial Commentary

## Financial Performance Indicators

The Public Trustee's corporate plan targets and key financial performance indicator results for 2008 – 2009 were:

	<b>Corporate Plan Target 2008-2009</b>	<b>Actual for 2008-2009</b>
<b>Return on Tangible Assets</b>		
Earnings before interest & Tax / Total Tangible Assets	4.9%	7.4%
<b>Return on Tangible Equity</b>		
Earnings after Tax / Net Tangible Assets	27%	28%
<b>Net Tangible Equity to Tangible Assets Ratio</b>	14%	19%

The notional income generated from the \$8.97 million provision for retirement benefits flows through to the provision and has the effect of reducing the stated return on assets.

Deferred income tax benefits represented 18% of total assets and 56% of net assets as at 30 June 2009 and have the effect of reducing the return on assets and profit to equity ratios.

## Payments to Consolidated Fund

The Public Trustee's payments to the Consolidated Fund for 2008-2009 compared with the previous year were:

	<b>2008-2009</b>	<b>2007-2008</b>
Dividend	\$455,220	\$464,019
Income Tax Equivalent Payment	\$189,980	\$313,485
Guarantee Fee	Nil	Nil
<b>TOTAL</b>	<b>\$645,200</b>	<b>\$777,504</b>

## Capital Structure

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

## Distribution Targets

The targets for distribution and payments to the Consolidated Fund in 2009-2010 are:

Guarantee Fee	\$0
Income Tax Equivalent Payment	\$36,000
Dividend	\$307,400
<b>TOTAL</b>	<b>\$343,400</b>

## Statement on Superannuation Entitlements

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

## Procurement Contracts

The Public Trustee had no procurement contracts in place as at 30 June 2009 valued at more than \$50,000.

## Support for Tasmanian Business

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

## Staffing

As at 30 June 2009 the Public Trustee employed 48.9 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 2009, matters classified as community service obligations accounted for 50.5% of the matters administered by the Public Trustee.

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 in 2008-09 was \$1,127,344.

# Superannuation Certificate

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

- Retirement Benefits Fund Board
- Tasplan Superannuation Fund
- Fiducian Life Superannuation
- Colonial First State Superannuation
- Colonial Super Retirement Fund
- Sedwynd Superannuation Fund
- ING Masterfund Superannuation
- The Grange Close Superannuation Fund
- REST Superannuation
- Australian Super
- CBUS Super
- Superwrap
- Assetlink Superwrap



Ann Cunningham  
Chairperson  
Board of the Public Trustee

**Public Trustee**

**Financial Statements**

**2008-2009**

# STATEMENT OF CERTIFICATION

In the opinion of the directors of the Public Trustee:

- a) the financial statements and notes of the Public Trustee 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 ending 30 June 2009 and the financial position as at 30 June 2009 of the Public Trustee; and
  - (ii) subject to the Treasurer's Instructions, complying with Australian Accounting Standards and Interpretations; and
  - (iii) complying with Australian equivalents to International Financial Reporting Standards; and
- b) there are reasonable grounds to believe that the Public Trustee 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 General Manager Corporate Services and Manager Financial Operations of the Public Trustee:

- a) the financial records of the Public Trustee for the year ending 30 June 2009 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 ending 30 June 2009 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 ending 30 June 2009 give a true and fair view.

Signed in accordance with a resolution of the Directors.

**CRAIG J. STEPHENS**  
**DIRECTOR**  
**28<sup>th</sup> August 2009**

**PETER M. MALONEY**  
**DIRECTOR**  
**28<sup>th</sup> August 2009**



**PUBLIC TRUSTEE**  
**INCOME STATEMENT**  
For the Year Ended 30 June 2009

	NOTE	2009	2008
		\$	\$
<b>REVENUE FROM ORDINARY ACTIVITIES</b>			
Commission and Fees		5,447,184	4,906,986
Funding of Community Service Obligations	23	1,127,344	1,070,414
Income from Investments	3	517,777	536,161
(Loss) Gain from Asset Revaluations	9	(132,500)	217,500
<b>Total Revenue from Ordinary Activities</b>		<b><u>6,959,805</u></b>	<b><u>6,731,061</u></b>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>			
Salaries and Associated Expenses		3,090,077	2,906,932
Provisions for Employment Benefits		1,006,445	892,317
Accommodation Expenses		253,478	171,871
Depreciation		76,788	42,262
Administration Expenses	27	1,582,609	1,452,761
<b>Total Expenses from Ordinary Activities</b>		<b><u>6,009,397</u></b>	<b><u>5,466,143</u></b>
<b>PROFIT BEFORE TAX</b>		<b><u>950,408</u></b>	<b><u>1,264,918</u></b>
Income Tax Expense	25	260,124	354,477
<b>PROFIT FOR THE YEAR</b>		<b><u>690,284</u></b>	<b><u>910,441</u></b>

**STATEMENT OF RECOGNISED INCOME AND EXPENSE**  
For the Year Ended 30 June 2009

Actuarial Gain on Defined Benefit Superannuation Fund		50,241	510,303
Transfer from RBF provision to subsequent employer		(134,217)	(103,075)
Revaluation of Land and Buildings		(67,500)	122,500
Tax benefit (expense) on income and expense recognised directly in equity	25	45,443	(158,918)
<b>Net Income (Expense) recognised directly in equity</b>		<b><u>(106,033)</u></b>	<b><u>370,810</u></b>
Profit for the Year		<b>690,284</b>	<b>910,441</b>
<b>TOTAL RECOGNISED INCOME FOR THE YEAR</b>		<b><u>584,251</u></b>	<b><u>1,281,251</u></b>

Statements should be read in conjunction with accompanying notes

PUBLIC TRUSTEE  
BALANCE SHEET  
As at 30 June 2009

	NOTE	2009 \$	2008 \$
<b>CURRENT ASSETS</b>			
Cash Assets	4	7,648,610	6,445,373
Receivables	5	545,393	429,438
Other Current Assets	6	500	45,171
Assets Held for Sale	7	4,235,000	0
<b>TOTAL CURRENT ASSETS</b>		<b>12,429,503</b>	<b>6,919,982</b>
<b>NON-CURRENT ASSETS</b>			
Property, Plant and Equipment	8	570,930	2,411,913
Investment Property	9	0	3,100,000
Deferred Income Tax Asset	25	2,932,388	2,790,530
<b>TOTAL NON-CURRENT ASSETS</b>		<b>3,503,318</b>	<b>8,302,443</b>
<b>TOTAL ASSETS</b>		<b>15,932,821</b>	<b>15,222,425</b>
<b>CURRENT LIABILITIES</b>			
Payables	10	816,232	722,205
Provision for income tax	25	264,862	(52,314)
Provisions	11	754,332	1,927,540
<b>TOTAL CURRENT LIABILITIES</b>		<b>1,835,425</b>	<b>2,597,431</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions	12	8,816,118	7,272,499
Deferred Income Tax Liability	25	67,216	267,465
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>8,883,334</b>	<b>7,539,964</b>
<b>TOTAL LIABILITIES</b>		<b>10,718,760</b>	<b>10,137,395</b>
<b>NET ASSETS</b>		<b>5,214,061</b>	<b>5,085,030</b>
<b>EQUITY</b>			
Retained Profits	13	4,990,011	4,793,480
Asset revaluation Reserve		224,050	291,550
<b>TOTAL EQUITY</b>		<b>5,214,061</b>	<b>5,085,030</b>

Statements should be read in conjunction with accompanying notes

**PUBLIC TRUSTEE**  
**CASH FLOW STATEMENT**  
For the Year Ended 30 June 2009

	<b>NOTE</b>	<b>2009</b>	<b>2008</b>
		<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts from Clients, Government & Common Fund		6,989,028	6,505,961
Payments to Employees and Suppliers		(5,570,785)	(5,584,905)
Income Tax Equivalents Paid		(189,980)	(313,485)
Dividend Paid		<u>(455,220)</u>	<u>(464,019)</u>
<b>NET CASH FROM OPERATING ACTIVITIES</b>	<b>20</b>	<b><u>773,043</u></b>	<b><u>143,552</u></b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
(Increase) decrease in Investment in Common Fund		(1,200,000)	0
Payments for Property, Plant & Equipment		(429,116)	(129,269)
Proceeds from Sale of Property, Plant & Equipment		<u>859,310</u>	<u>0</u>
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b><u>(769,806)</u></b>	<b><u>(129,269)</u></b>
Net increase in Cash Held		3,237	14,283
Cash at the beginning of the year		<u>345,373</u>	<u>331,090</u>
<b>CASH AT THE END OF THE YEAR</b>	<b>20</b>	<b><u>348,610</u></b>	<b><u>345,373</u></b>

Statements should be read in conjunction with accompanying notes

# PUBLIC TRUSTEE

## NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

### NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The Public Trustee was established under the Public Trustee Act 1930. The Government Business Enterprises Act 1995 requires The Public Trustee to keep proper accounts and records of its transactions and affairs, in accordance with the accounting principles which generally apply in commercial practice.

The main undertakings of the Public Trustee are the administration of estates, the administration of trusts, and the management of the financial affairs of clients in the State of Tasmania.

#### **(a) BASIS OF ACCOUNTING**

This financial report is a general purpose financial report and has been prepared on an accrual accounting basis and in accordance with Australian Accounting Standards and Interpretations. It is prepared on an historical cost basis and does not take into account changing money values or, unless otherwise stated, current valuations of non-current assets or liabilities.

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the financial report, comprising the financial statements and notes thereto, complies with International Financial Reporting Standards (IFRS).

#### *Impact of new and revised Accounting Standards*

In the current year, The Public Trustee has adopted all of the new and revised standards and interpretations issued by the AASB that are relevant to its operations and effective for the current annual reporting period.

#### *Impact of new and revised Accounting Standards not yet adopted*

The following new standard has been identified as one that will impact The Public Trustee in the period of initial application. Other new standards will not affect the financial statements of The Public Trustee.

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement the “statement of comprehensive income”. The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised standard will become mandatory for the 30 June 2010 financial statements.

## **(b) REVENUE RECOGNITION**

### *Commission and Fees*

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

### *Funding of Community Service Obligations*

Payments under the agreement with Government to provide Community Service Obligations are recognised as they accrue.

### *Interest and Rental Income*

Interest and rental income are recognised as they accrue.

## **(c) INVESTMENTS**

These financial statements refer only to the funds owned by the Public Trustee as a corporate entity.

As part of the role of executor and trustee, the Public Trustee holds assets in trust on behalf of clients during the course of estate and trust administrations. These assets do not form part of these accounts.

## **(d) DEPRECIATION OF NON CURRENT ASSETS**

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

Freehold land, buildings on freehold land and investment properties are expected to appreciate in value and no depreciation is charged.

Depreciation of plant & equipment is on a straight line basis over the anticipated useful life of each asset. The useful lives for major asset classes are 7-10 years for furniture, 3-5 years for electronic and computer equipment and 5 years for fixtures and fittings.

The capitalisation threshold for items of furniture and equipment is \$500.

(e) **LEASED ASSETS**

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

**Finance Leases**

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

**Operating Leases**

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

(f) **VALUATION OF ASSETS HELD FOR SALE**

The valuations of assets held for sale are as determined by directors. The valuations as at 30 June 2009 are based on the terms of an agreement for sale that has been entered into subsequent to balance date.

(g) **VALUATION OF FREEHOLD LAND AND BUILDINGS ON FREEHOLD LAND**

The valuations of freehold land and buildings on freehold land are as determined by directors. All real estate held by the Public Trustee was available for sale as at 30 June 2009 and has been classified as assets held for sale.

The valuations at which the properties were transferred are based on the terms of an agreement for sale that has been entered into subsequent to balance date.

(h) **GOODS AND SERVICES TAX**

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST).

Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable or payable is included as a current asset or liability in the Balance Sheet.

**(i) EMPLOYEE ENTITLEMENTS**

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

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

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

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

Liabilities under the RBF defined benefit scheme are calculated by a government appointed actuary. Expenses related to current employment are recognised in the Income Statement. Actuarial gains and losses arise from changes in actuarial assumptions used to calculate the present value on future liabilities and are recognised in the Statement of Recognised Income and Expense.

**(j) RECEIVABLES**

Trade debtors are non-interest bearing and are recognised at the nominal amount due. No provision is made for doubtful debts.

**(k) PAYABLES**

Creditors are carried at cost, are non-interest bearing and normally settled on 30 day terms.

**NOTE 2: CHANGES IN ACCOUNTING POLICY**

There have been no changes in accounting policy during the year.

**NOTE 3: INCOME FROM INVESTMENTS**

	<b>2009</b>	<b>2008</b>
	\$	\$
Income from the Common Fund	299,760	332,991
Other Interest Income	0	2,010
Rental Income	218,017	201,160
	<u>517,777</u>	<u>536,161</u>

**NOTE 4: CASH ASSETS**

Cash on Hand	1,050	1,050
Investment in Common Fund	7,647,560	6,444,323
<b>Total Cash Assets</b>	<u><b>7,648,610</b></u>	<u><b>6,445,373</b></u>

The Common Fund is established under the Public Trustee Act 1930 as a single fund to hold capital moneys vested in the Public Trustee during the administration of deceased estates, represented persons, trusts and other matters under the control of the Public Trustee.

The investment in the Common Fund is carried at cost.

**NOTE 5: CURRENT RECEIVABLES**

Trade Debtors	545,393	429,438
<b>Total Receivables</b>	<u><b>545,393</b></u>	<u><b>429,438</b></u>

All trade debtors are expected to be settled in full within 60 days.

**NOTE 6: OTHER CURRENT ASSETS**

Prepayments	500	45,171
<b>Total Other Current Assets</b>	<u><b>500</b></u>	<u><b>45,171</b></u>



## NOTE 7: ASSETS HELD FOR SALE

All land, buildings and investment property were available for sale on 30 June 2009.

	2009	2008
	\$	\$
Transfer From Freehold Land	635,000	0
Transfer From Buildings on Freehold Land	1,482,500	0
Transfer From Investment Property	2,117,500	0
<b>Total Assets Held for Sale</b>	<b>4,235,000</b>	<b>0</b>

The fair values of non-current assets held for sale are as determined by directors and are based on the terms of an agreement for sale that has been entered into subsequent to balance date.

## NOTE 8: PROPERTY, PLANT AND EQUIPMENT

	2009	2008
	\$	\$
<b>Freehold Land at fair value</b>	<b>0</b>	<b>655,000</b>
<b>Buildings on Freehold land at fair value</b>	<b>0</b>	<b>1,530,000</b>
Improvements to Buildings, at cost	215,747	195,651
Accumulated Depreciation	(195,658)	(195,651)
<b>Total Improvements to Buildings</b>	<b>20,089</b>	<b>0</b>
Fixtures, Furniture and Equipment, at cost	1,082,473	795,033
Accumulated Depreciation	(531,632)	(568,120)
<b>Total Fixtures, Furniture and Equipment</b>	<b>550,841</b>	<b>226,913</b>
<b>Total Property, Plant and Equipment</b>	<b>570,930</b>	<b>2,411,913</b>

The valuations of freehold land and buildings on freehold land are as determined by directors. All land and buildings held by the Public Trustee were available for sale as at 30 June 2009 and has been classified as assets held for sale.

The valuations at which the properties were transferred are based on the terms of an agreement for sale that has been entered into subsequent to balance date.

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

	<b>2009</b>	<b>2008</b>
	\$	\$
<b>Freehold Land</b>		
Balance at beginning of year	655,000	550,000
Annual Revaluation	(20,000)	105,000
Transfer to Assets Held for Sale	(635,000)	0
	<hr/>	<hr/>
<b>Balance at End of Year</b>	<b>0</b>	<b>655,000</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Buildings on Freehold Land</b>		
Balance at beginning of year	1,530,000	1,512,500
Annual Revaluation	(47,500)	17,500
Transfer to Assets Held for Sale	(1,482,500)	0
	<hr/>	<hr/>
<b>Balance at End of Year</b>	<b>0</b>	<b>1,530,000</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Improvements to Buildings</b>		
Balance at beginning of year	0	0
Acquisitions	20,096	0
Depreciation	(7)	0
	<hr/>	<hr/>
<b>Balance at End of Year</b>	<b>20,089</b>	<b>0</b>
	<hr/> <hr/>	<hr/> <hr/>
<b>Fixtures, Furniture and Equipment</b>		
Balance at beginning of year	226,913	139,906
Acquisitions	409,020	129,269
Disposals	(8,310)	0
Depreciation	(76,782)	(42,262)
	<hr/>	<hr/>
<b>Balance at End of Year</b>	<b>550,841</b>	<b>226,913</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTE 9: INVESTMENT PROPERTY

	2009	2008
	\$	\$
Balance at beginning of year	3,100,000	2,882,500
Disposal	(850,000)	0
Annual revaluation	(132,500)	217,500
Transfer to Assets Held for Sale	(2,117,500)	0
	<hr/>	<hr/>
<b>Balance at End of Year</b>	<b>0</b>	<b>3,100,000</b>
	<hr/> <hr/>	<hr/> <hr/>

The valuations of investment property are as determined by directors. All real estate held by the Public Trustee was available for sale as at 30 June 2009 and has been classified as assets held for sale.

The valuations at which the properties were transferred are based on the terms of an agreement for sale that has been entered into subsequent to balance date.

## NOTE 10: CURRENT PAYABLES

Creditors	816,232	722,205
	<hr/>	<hr/>
<b>Total Current Payables</b>	<b>816,232</b>	<b>722,205</b>
	<hr/> <hr/>	<hr/> <hr/>

Trade creditors are normally settled within 30 days

## NOTE 11: CURRENT PROVISIONS

Annual Leave	252,138	240,735
Long Service Leave	50,147	52,386
Retirement Benefits	452,046	1,634,419
	<hr/>	<hr/>
<b>Total Current Provisions</b>	<b>754,332</b>	<b>1,927,540</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTE 12: NON-CURRENT PROVISIONS

	2009	2008
	\$	\$
Long Service Leave	293,468	273,348
Retirement Benefits	8,522,650	6,999,151
	<hr/>	<hr/>
<b>Total Non-Current Provisions</b>	<b>8,816,118</b>	<b>7,272,499</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTE 13: RETAINED PROFITS

Retained profits at beginning of year	4,793,480	4,098,748
Dividend Paid	(455,220)	(464,019)
Total recognised income and expense for the year	584,251	1,281,251
Transfer from (to) Asset Revaluation Reserve	67,500	(122,500)
	<hr/>	<hr/>
<b>Retained Profits at End of Year</b>	<b>4,990,011</b>	<b>4,793,480</b>
	<hr/> <hr/>	<hr/> <hr/>

## NOTE 14: CONTINGENT LIABILITIES

The Public Trustee has entered into deeds of indemnity with each director and executive team member by which the Public Trustee will indemnify the officers against any action that may be taken against them for actions undertaken on behalf of the Public Trustee in the performance of their duties within specified limitations. At the date of adoption of these financial statements, there are no actual or potential material claims of which the directors or officers are aware.

## NOTE 15: GOING CONCERN

These financial statements have been prepared on the going concern basis recognising that the Public Trustee will continue to function and fund itself on the same basis as for the year ended 30 June 2009.

## NOTE 16: CREDIT AND LOAN FACILITIES

The Public Trustee maintains a credit card facility with a maximum limit of \$10,000. The unused credit amount as at 30 June 2009 was \$9,636. There are no other used or unused credit standby arrangements or loan facilities.

## NOTE 17: RELATED PARTY TRANSACTIONS

There were no transactions with related parties by the Public Trustee during the year.

## **NOTE 18: KEY MANAGEMENT PERSONNEL**

### **(a) Directors**

The following persons were directors of the Board during the year to 30 June 2009.

- (1) Non executive directors:  
Mrs A.F. Cunningham (Chairperson)  
Mr J.R. Fisher  
Mr C.J. Stephens  
Ms. B. Mathison  
Ms. E.F. Thomas
- (2) Executive director:  
Mr. P.M. Maloney (Chief Executive Officer)

### **(b) Other key management personnel**

The following persons also had authority and responsibility for planning, directing and controlling the activities of The Public Trustee during the year.

Mr D.M. Hall	General Manager Corporate Services
Mr B.P. McManus	Corporate Solicitor
Mr P.T. Tierney	Manager Financial Operations
Mrs G.A. Cunningham	Manager Client Services
Mrs E.E. Chapman	Human Resources Manager (02 Feb 09 to 30 Jun 09)
Mrs R. Mee	Human Resources Manager (01 Jul 08 to 24 Nov 08)

### **(c) Key management personnel compensation**

The key management personnel compensation included as expenses for the year is:

	<b>2009</b>	<b>2008</b>
	\$	\$
Short Term employee benefits	639,746	675,469
Post employment benefits	104,733	90,176
Other long term benefits	13,514	13,937
Termination benefits	0	0
<b>Total</b>	<b>757,993</b>	<b>779,582</b>

## NOTE 19: PROVISION FOR RETIREMENT BENEFITS

Some current and former staff are members of the RBF defined benefit scheme. The scheme was closed to new members in May 1999.

There are fifteen current staff who are contributing members and will receive lump sum benefits or pensions on resignation, retirement, death or invalidity. There are 12 former staff or their dependants who are currently receiving pensions and there are 49 former staff who have an entitlement to a compulsorily preserved lump sum.

The State Actuary conducts an annual valuation of accrued liabilities within the scheme. Any shortfall between the value of these liabilities and the market value of the RBF assets relating to members, determines the amount of any unfunded superannuation liability, and is shown as a liability in the Balance Sheet.

The Public Trustee does not make regular contributions under the scheme but rather meets the cost of benefits as they emerge by paying a percentage of the benefit as it falls due.

(a) <u>Net Liability</u>	2009	2008
	\$	\$
Defined Benefit Obligation	11,258,000	10,077,962
Contributions tax liability	0	1,239,422
Total Defined Benefit Obligations	11,258,000	11,317,384
RBF Contributory scheme assets	(2,283,304)	(2,683,813)
<b>Deficit</b>	<b>8,974,696</b>	<b>8,633,571</b>
Current net liability	452,046	1,634,420
Non-current net liability	8,522,650	6,999,151
<b>Total Liability</b>	<b>8,974,696</b>	<b>8,633,571</b>
(b) <u>Movement in Net Liability</u>		
Net superannuation liability/(asset) at start of year	8,633,571	9,203,418
(+) Expense recognised in income statement	712,067	604,420
(+) Amount recognised in retained earnings	(50,241)	(510,302)
(-) Employer contributions	320,701	663,965
<b>Net superannuation liability/(asset) at end of year</b>	<b>8,974,696</b>	<b>8,633,571</b>

(c) <u>Expense</u>	2009	2008
	\$	\$
Employer Service Cost	199,909	201,393
Contribution tax expense	56,184	(8,506)
Total Employer Service Cost	256,093	192,887
Interest cost	637,952	620,354
Expected return on Plan assets	(181,978)	(208,820)
<b>Expense recognised</b>	<b>712,067</b>	<b>604,421</b>

The expense for retirement benefits is included in the Income Statement as part of provisions for employee benefits.

Cumulative amount of Actuarial losses at beginning of year	2,169,977	1,659,674
Actuarial (gains) / losses recognised during year ending	50,241	510,303
<b>Cumulative amount of Actuarial losses at end of year</b>	<b>2,220,218</b>	<b>2,169,977</b>

(e) Total Defined Benefit Obligations

Reconciliation

Present value of defined benefit obligations at beginning of the year	11,317,384	12,272,830
(+) Current service cost	256,093	192,886
(+) Interest cost	637,952	620,354
(+) Estimated contributions by plan participants	63,566	80,834
(-) Estimated benefits paid	526,626	887,269
(-) Estimated taxes, premiums & expenses paid	25,891	30,057
Expected Defined Benefit Obligations at year end	11,722,478	12,249,579
(+) Actuarial (gains)/losses	(464,478)	(932,194)
Actual Total Defined Benefit Obligations at year end	11,258,000	11,317,384

(f) <b><u>Contributions Tax</u></b>	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Defined Benefit Obligations at end of prior year	10,077,962	10,958,113
Fair value Plan assets at end of prior year	2,683,813	3,069,412
Net Obligation	<u>7,394,149</u>	<u>7,888,701</u>
Contributions Tax at end of prior year	1,239,422	1,314,717
Contributions tax expense	56,184	(8,506)
Expected Contributions Tax at year end	<u>1,295,606</u>	<u>1,306,211</u>
Actuarial (gain) / loss on contributions tax	(1,295,606)	(66,789)
Actual Contributions Tax at year end	<u>0</u>	<u>1,239,422</u>

(g) **Fair value of Plan assets**

Fair value Plan assets at end of prior year	2,683,813	3,069,412
Estimated employer contributions	320,701	663,965
Estimated Participant contributions	63,566	80,834
Estimated operating costs	25,891	30,057
Estimated Benefit payments	526,626	887,269
Expected Return on Assets	181,978	208,820
Expected Assets at year end	<u>2,697,541</u>	<u>3,105,705</u>
Actuarial gain / (loss) on assets	(414,237)	(421,895)
Fair value Plan assets at year end	2,283,304	2,683,813
Estimated Actual return on plan assets	<u>(232,259)</u>	<u>(213,072)</u>

(h) **Expected Return on Assets**

Fair value Plan assets at end of prior year	2,683,813	3,069,412
Actual Employer contributions	320,701	663,965
Weighted for timing	160,351	331,983
Actual Participant contributions	63,566	80,834
Weighted for timing	31,783	40,417
Actual operating costs (admin + insurance)	25,891	30,057
Weighted for timing	12,946	15,029
Actual Benefit payments	526,626	887,269
Weighted for timing	263,314	443,635
Average expected assets	2,599,688	2,983,148
Assumed Rate of Return	7.00%	7.00%
Calculated Expected Return on Assets	181,978	208,820
Expected Return on Assets Used in Calculation	181,978	208,820



(i) <u>Actuarial gain/(loss) for year</u>	2009	2008
	\$	\$
Defined benefit obligations (net of tax, prior year assumptions)	10,077,962	10,821,646
Contributions tax (prior year assumptions)	1,239,422	1,356,237
Defined benefit obligations (net of tax, current assumptions)	11,258,000	10,077,962
Actual contributions tax at year end	0	1,239,422
Actuarial (gain)/loss for year due to assumptions	977,000	(860,499)
Actuarial (gain)/loss for year due to experience	(1,441,478)	(71,696)
Actuarial (gain)/loss on assets	414,237	421,892
Actuarial (gain)/loss for year	(50,241)	(510,303)

## KEY ASSUMPTIONS

Key assumptions as at balance date and for following year expense	2009	2008
Discount rate	5.70% pa	6.50% pa
Expected rate of return on plan assets	7.00% pa	7.00% pa
Expected salary increase rate	4.50% pa	4.50% pa
Expected rate of increase compulsory preserved amounts	4.50% pa	4.50% pa
Expected pension increase rate	2.50% pa	2.50% pa

The expected return on plan assets (net of tax) has been based on the expected long term returns for each of the major asset classed in which the Plan invests.

## PLAN ASSETS

Asset disclosure As at	31 March 2009	30 June 2008
Australian Equity	20%	23%
International Equity	13%	18%
Fixed Income	11%	13%
Property	31%	22%
Alternatives/Other	19%	18%
Cash	6%	6%

## HISTORY

The amounts, required under paragraph 120(p) of AASB 119, for the current annual reporting period and the previous two reporting periods are:

	2009	2008
	\$	\$
Total Defined Benefit Obligation at end of year	11,258,000	11,317,384
Actual Assets at year end	(2,283,304)	(2,683,813)
Deficit / (Surplus)	8,974,696	8,633,571
Experience Adjustment on Liabilities	(1,441,478)	(71,696)
Experience Adjustment on assets	414,237	421,892

## NOTE 20: CASH FLOW STATEMENT

### (a) Reconciliation of Cash

Cash includes cash on hand and the cash component of the investment in the Common Fund. The reported cash component of the investment in the Common Fund is based on an estimate of the maximum short term cash requirements of the Public Trustee. Cash at the end of the year is reconciled to the related items in Note 4 as follows:

	2009	2008
	\$	\$
Cash on hand	1,050	1,050
Cash Investment in Common Fund	347,560	344,323
	<hr/>	<hr/>
<b>Cash at End of Year</b>	<b>348,610</b>	<b>345,373</b>
	<hr/> <hr/>	<hr/> <hr/>
Cash Investment in Common Fund	347,560	344,323
Balance of Investment in Common Fund	7,300,000	6,100,000
	<hr/>	<hr/>
<b>Investment in Common Fund</b>	<b>7,647,560</b>	<b>6,444,323</b>

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

Operating Profit (Loss)	950,408	1,264,918
(Profit) Loss from Asset Revaluations	132,500	(217,500)
Depreciation expense	76,788	42,262
Increase in Provisions for Employee Benefits	286,435	(266,088)
Increase (Decrease) in Creditors	94,027	105,064
(Increase) Decrease in Debtors	(115,954)	(7,600)
Dividend Paid	(455,220)	(464,019)
Income Tax Equivalents Paid	(189,980)	(313,485)
Sundry	(5,960)	0
	<hr/>	<hr/>
<b>Total Cash Provided</b>	<b>773,043</b>	<b>143,552</b>

## **NOTE 21: LEASING COMMITMENTS**

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

	<b>2009</b>	<b>2008</b>
	\$	\$
Amounts payable not later than 1 year	83,823	87,950
Payable later than 1 year and less than 5 years	294,583	138,299
<b>Total Amounts Payable</b>	<b>378,406</b>	<b>226,249</b>

During the financial year ended 30 June 2009, \$83,823; was recognised as an expense in the Income Statement in respect of operating leases (\$49,834 in 2007-2008).

## **NOTE 22: AUDITOR'S REMUNERATION**

Amounts due for the audit of financial reports:

Tasmanian Audit Office	<b>21,090</b>	<b>20,380</b>
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No other services are provided by Tasmanian Audit Office.

## **NOTE 23: GOVERNMENT APPROPRIATIONS AND GRANTS**

The Public Trustee received no Government appropriations or grants during the year ended 30 June 2009.

In accordance with an agreement with the Tasmanian Government, the Public Trustee undertakes certain Community Service Obligations on behalf of Government. The Public Trustee was entitled to receive a payment of \$1,127,344 for services supplied during the year (\$1,070,414 in 2007-2008).

## **NOTE 24: SUBSEQUENT EVENTS**

The Public Trustee has reached an agreement to sell all remaining land and buildings. The valuations of freehold land, buildings on freehold land and investment property that have been adopted for this report are based on the terms of the agreement. The sale is due for settlement on 30th September 2009.

No other matters or events have arisen between the end of the financial year and the date of this report that in the opinion of directors has a significant affect or may significantly affect the financial performance or position of the Public Trustee.

## **NOTE 25: INCOME TAX EQUIVALENTS**

- (a) Reconciliation of income tax expense charged in Income Statement with income tax calculated on profit from ordinary activities before income tax:

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Profit</b>	<b>950,408</b>	<b>1,264,918</b>
Income Tax expense calculated at 30%	285,123	379,476
Tax benefit from building allowance	(24,999)	(24,999)
<b>Income Tax Expense on Operating Profit</b>	<b>260,124</b>	<b>354,477</b>
(Expense) Income recognised direct to equity	(151,476)	(529,728)
<b>Tax Effect of Adjustments direct to equity</b>	<b>(45,443)</b>	<b>(158,918)</b>
Realised gain on disposal of investment property	584,737	0
<b>Tax Payable on Realised Capital Gain</b>	<b>175,421</b>	<b>0</b>
Income Tax Expense on Operating Profit	260,124	354,477
Tax Effect of Adjustments direct to equity	(45,443)	(158,918)
Tax Payable on Realised Capital Gain	175,421	0
<b>Total Income Tax Expense</b>	<b>390,103</b>	<b>195,558</b>
<b>Analysis of Total Income Expense</b>		
Income Tax Expense, current year	448,494	(89,549)
Increase (decrease) Deferred Income Tax Liability	(200,249)	(28,499)
(Increase) decrease Deferred Income Tax Asset	141,858	313,606
<b>Total Income Tax Expense</b>	<b>390,103</b>	<b>195,558</b>
(b) <b>Provision for Current Income Tax</b>		
Balance at beginning of year	(52,314)	41,214
Income tax paid	0	(41,214)
PAYG instalments paid	(239,612)	(272,271)
Tax Payable on Realised Capital Gain	175,420	0
Current year's income tax expense (benefit)	381,368	219,957
<b>Total Provision for Current Income Tax</b>	<b>264,862</b>	<b>(52,314)</b>
(c) <b>Deferred Income Tax Liability</b>		
Timing differences between taxable and accounting income	<b>67,216</b>	<b>267,465</b>
(d) <b>Deferred Income Tax Asset</b>		
Timing differences between taxable and accounting income	<b>2,932,388</b>	<b>2,790,530</b>

## **NOTE 26: STATEMENT OF TAXATION EQUIVALENTS**

	<b>2009</b>	<b>2008</b>
	<b>\$</b>	<b>\$</b>
Operating Profit as per Financial Statement	950,408	1,264,918
<b><u>ADD</u></b>		
Depreciation as per accounts	76,788	42,262
Net increase (decrease) in annual leave provision	11,403	10,133
Net increase (decrease) in long service leave provisions	17,881	(113,538)
Net increase in staff retirement provisions	341,126	(162,620)
Increase (decrease) in accrued expenses	17,108	34,600
<b>TOTAL ADDBACKS</b>	<b>464,307</b>	<b>(189,163)</b>
<b><u>DEDUCT</u></b>		
Tax Depreciation	75,424	41,735
Building Allowance	83,329	83,329
Profit on Asset Revaluations	(15,264)	217,500
<b>TOTAL SUBTRACTIONS</b>	<b>143,489</b>	<b>342,564</b>
<b>TAXABLE INCOME</b>	<b>1,271,225</b>	<b>733,191</b>
<b>CURRENT TAX PAYABLE ON OPERATING PROFIT</b>	<b>381,368</b>	<b>219,957</b>

## **NOTE 27: ADMINISTRATION EXPENSES**

The administration expenses shown in the Income Statement include expenditure on computer operations, telecommunications, advertising and promotion, consultants, work contractors and insurance.

## NOTE 28: FINANCIAL INSTRUMENTS

### (a) Financial Instruments by category

The financial instruments held by the Public Trustee as at 30 June are:

	Loans & Receivables	Cash & Cash Equivalents
<b>2009 Financial Assets</b>	\$	\$
Cash	0	1,050
Investment in Common Fund		7,647,560
Debtors	545,393	
	<hr/>	<hr/>
Total Financial Assets	<b>545,393</b>	<b>7,648,610</b>
	<hr/> <hr/>	<hr/> <hr/>
	Amortised Costs	
<b>2009 Financial Liabilities</b>	\$	
Creditors	816,232	
	<hr/> <hr/>	
	Loans & Receivables	Cash & Cash Equivalents
<b>2008 Financial Assets</b>	\$	\$
Cash	0	1,050
Investment in Common Fund		6,444,323
Debtors	429,438	0
	<hr/>	<hr/>
Total Financial Assets	<b>429,438</b>	<b>6,445,373</b>
	<hr/> <hr/>	<hr/> <hr/>
	Amortised Costs	
<b>2008 Financial Liabilities</b>	\$	
Creditors	722,205	
	<hr/> <hr/>	

(b) Interest Rate Risk

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

	Weighted Average Effective Interest Rate %	Variable Interest Rate \$	Non-interest Bearing \$
<b>2009 Financial Assets</b>			
Cash		0	1,050
Investment in Common Fund	2.31%	7,647,560	0
Debtors		0	545,393
		<hr/>	<hr/>
Total Financial Assets		<b>7,647,560</b>	<b>546,443</b>
		<hr/>	<hr/>
<b>2009 Financial Liabilities</b>			
Creditors		0	816,232
		<hr/>	<hr/>
<b>2008 Financial Assets</b>			
Cash		0	1,050
Investment in Common Fund	7.03%	6,444,323	0
Debtors		0	429,438
		<hr/>	<hr/>
Total Financial Assets		<b>6,444,323</b>	<b>430,488</b>
		<hr/>	<hr/>
<b>2008 Financial Liabilities</b>			
Creditors		0	722,205
		<hr/>	<hr/>

(c) Net Fair Value

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

(d) Interest Rate Sensitivity Analysis

The investment in the Common Fund earns a variable rate of interest and the Public Trustee is exposed to a risk in cash flows and revenue from changes in interest rates. The interest rate sensitivities as at 30 June are:

		Fall of 1%		Rise of 1%	
	Carrying Amount \$	Impact on Result	Impact on Equity \$	Impact on Result	Impact on Equity \$
<b>2009 Financial Assets</b>					
Cash	1,050	0	0	0	0
Investment in Common Fund	<u>7,647,560</u>	<u>(76,476)</u>	<u>(53,533)</u>	<u>76,476</u>	<u>53,533</u>
Debtors	<u>545,393</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financial Assets	<u><b>8,192,953</b></u>	<u><b>(76,476)</b></u>	<u><b>(53,533)</b></u>	<u><b>76,476</b></u>	<u><b>53,533</b></u>
<b>2009 Financial Liabilities</b>					
Creditors	<u>816,232</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>2008 Financial Assets</b>					
Cash	1,050	0	0	0	0
Investment in Common Fund	<u>6,444,323</u>	<u>(64,443)</u>	<u>(45,110)</u>	<u>64,443</u>	<u>45,110</u>
Debtors	<u>429,438</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Financial Assets	<u><b>6,873,761</b></u>	<u><b>(64,443)</b></u>	<u><b>(45,110)</b></u>	<u><b>64,443</b></u>	<u><b>45,110</b></u>
<b>2008 Financial Liabilities</b>					
Creditors	<u>722,205</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

The Public Trustee has no borrowings and there is no interest rate risk associated with liabilities.

(e) Credit Risk Management

Credit risk represents the loss that would be recognised if counterparties failed to perform as contracted. The Public Trustee minimises the credit risk of the investment in the Common Fund by only investing the assets of the Common Fund in a government funding agency and a major Australian bank.

(f) Policies and Conditions

Debtors and Creditors are carried at nominal values. The investment in the Common Fund is held at cost. The cash component of the Common Fund investment (Note 20) is available at call and the balance is available subject to the liquidity of the investments of the Fund.



## NOTE 29: INVESTMENT OF CLIENT FUNDS

The Public Trustee maintains four investment funds to provide clients with a prudent investment for the particular circumstances of the client.

The details of the fund assets as at 30 June 2009 are as follows.

<u>Asset Class</u>	Common Fund \$	No. 1 Fund \$	No. 2 Fund \$	No. 3 Fund \$
Cash	242,036	4,834,569	2,859,017	1,792,040
Cash Indexed Fund	59,585,489			
Australian Equities	0	1,732,252	8,680,822	5,424,990
Australian Fixed Interest	0	3,604,105	8,788,670	5,450,743
Property Securities	0	644,739	2,878,738	1,792,240
International Equities	0	1,178,057	5,974,354	3,728,542
Debtors	11,259			
<b>Total Assets</b>	<b>59,838,784</b>	<b>11,993,722</b>	<b>29,181,601</b>	<b>18,188,555</b>
Equity				
Client Funds	52,191,224	11,993,722	29,181,601	18,188,555
The Public Trustee's Funds	7,647,560	0	0	0
<b>Total Equity</b>	<b>59,838,784</b>	<b>11,993,722</b>	<b>29,181,601</b>	<b>18,188,555</b>

A summary of the investment flows to and from each fund and the allocations of net fund earnings for the year to 30 June 2009 are as follows.

	Common Fund \$	No. 1 Fund \$	No. 2 Fund \$	No. 3 Fund \$
<b>Fund Value 01 Jul 2008</b>	52,825,909	10,849,803	30,139,434	21,380,446
Capital Deposits	85,405,046	3,430,900	5,592,000	715,000
Capital Withdrawals	(78,392,171)	(1,366,397)	(981,940)	(90,000)
Unrealised Capital Gains (Losses)	0	(920,584)	(5,567,893)	(3,816,891)
<b>Fund Value 30 Jun 2009</b>	<b>59,838,784</b>	<b>11,993,722</b>	<b>29,181,601</b>	<b>18,188,555</b>
Unrealised Capital Gains (Losses)	0	(920,584)	(5,567,893)	(3,816,891)
Net Earnings Distributed to Investors	2,629,021	579,166	1,480,196	967,670
<b>Total Fund Net Earnings (Losses)</b>	<b>2,629,021</b>	<b>(341,418)</b>	<b>(4,087,697)</b>	<b>(2,849,221)</b>

The details of the fund assets as at 30 June 2008 are as follows.

<u>Asset Class</u>	Common Fund \$	No. 1 Fund \$	No. 2 Fund \$	No. 3 Fund \$
Cash	(196,087)	4,576,064	3,462,957	2,468,034
Cash Indexed Fund	53,010,660	0	0	0
Australian Equities	0	1,374,993	8,015,807	5,797,252
Australian Fixed Interest	0	3,407,666	10,020,822	7,080,639
Property Securities	0	492,867	2,892,514	1,948,323
International Equities	0	998,213	5,747,334	4,086,198
Debtors	11,336	0	0	0
<b>Total Assets</b>	<b>52,825,909</b>	<b>10,849,803</b>	<b>30,139,434</b>	<b>21,380,446</b>
<u>Equity</u>				
Client Funds	46,381,586	10,849,803	30,139,434	21,380,446
The Public Trustee's Funds	6,444,323	0	0	0
<b>Total Equity</b>	<b>52,825,909</b>	<b>10,849,803</b>	<b>30,139,434</b>	<b>21,380,446</b>

A summary of the investment flows to and from each fund and the allocations of net fund earnings for the year to 30 June 2008 are as follows.

	Common Fund \$	No. 1 Fund \$	No. 2 Fund \$	No. 3 Fund \$
<b>Fund Value 01 Jul 2007</b>	53,085,542	10,966,995	33,857,195	25,759,946
Capital Deposits	88,114,243	1,365,000	4,360,000	1,535,000
Capital Withdrawals	(88,373,876)	(930,000)	(1,645,000)	(775,000)
Unrealised Capital Gains (Losses)	0	(552,192)	(6,432,761)	(5,139,500)
<b>Fund Value 30 Jun 2008</b>	<b>52,825,909</b>	<b>10,849,803</b>	<b>30,139,434</b>	<b>21,380,446</b>
Unrealised Capital Gains (Losses)	0	(552,192)	(6,432,761)	(5,139,500)
Net Earnings Distributed to Investors	3,366,115	898,767	3,469,546	2,489,413
<b>Total Fund Net Earnings (Losses)</b>	<b>3,366,115</b>	<b>346,575</b>	<b>(2,963,215)</b>	<b>(2,650,087)</b>

# Independent Audit Report



**Tasmanian Audit Office**

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## **INDEPENDENT AUDIT REPORT**

**To Members of the Parliament of Tasmania**

### **PUBLIC TRUSTEE**

**Financial Statements for the Year Ended 30 June 2009**

#### **Report on the Financial Statements**

I have audited the accompanying financial statements of Public Trustee, which comprise the balance sheet as at 30 June 2009, the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the directors.

#### *The Responsibility of the Directors for the Financial Statements*

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) 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 statements that are 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(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

#### *Auditor's Responsibility*

My responsibility is to express an opinion on the financial statements 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 statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Public Trustee's preparation and fair presentation of

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the financial statements 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 statements.

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 provided to the directors of Public Trustee dated 28 August 2009 and included in the Annual Report, would be unchanged if provided to the directors as at the date of this audit report.

### **Auditor's Opinion**

In my opinion:

- (a) the financial statements of the Public Trustee:
  - (i) present fairly, in all material respects, the financial position of Public Trustee as at 30 June 2009, and of its financial performance, cash flows and changes in equity for the year then ended; and
  - (ii) are in accordance with the *Government Business Enterprises Act 1995* and Australian Accounting Standards (including Australian Accounting Interpretations).
- (b) the financial statements also comply with International Financial Reporting Standards as disclosed in Note 1(a).

### **TASMANIAN AUDIT OFFICE**



E R De Santi  
**DEPUTY AUDITOR-GENERAL**  
**Delegate of the Auditor-General**

HOBART  
31 August 2009

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.  
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# 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](http://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.