

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

Dear Minister,

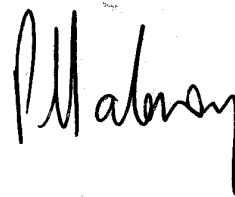
In accordance with Section 55 of the *Government Business Enterprises Act 1995*, we submit for your information and presentation to Parliament the Report of the Public Trustee for the year ended 30 June 2010.

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, Economic Development and Infrastructure, 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
- 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

I have pleasure in presenting the Annual Report for the year ended 30 June 2010.

The Public Trustee has experienced the effects of the global financial crisis which has resulted in a downturn in revenue for the financial year. These effects have been felt in the areas of income commission, capital commission, fund management fees income and the returns on corporate investments

Despite this the organisation made an operating profit for the year of \$427,173. However, off-setting this was a negative change in the value of the Public Trustee's corporate investments of \$575,451. As a result there was an operating loss after tax for the financial year of \$98, 594.

In the year in review, the Public Trustee concluded the sale of its property at 116 Murray Street. In my Chairperson's Report for the previous year, I reported that the Board of the Public Trustee was in the process of developing an Investment Policy for its Corporate Funds.

A Corporate Funds Investment Policy Statement, prepared in accordance with Treasurer's Instructions, was approved by the Board in this financial year. The funds were invested in accordance with that Policy Statement over the six months to the end of June 2010.

These funds are now invested in a diversified range of assets including growth assets. The value of these funds has been negatively affected by the down-turn in the markets to the end of June 2010.

However, the investment strategy for our corporate funds is a long term one and overtime, will prove to be sound. The Board has appropriate monitoring and risk processes in place.

Further factors contributing to the result were:

- Total revenue from ordinary activities was 5.3% lower than last year.
- Of total revenue, commission and fees decreased by 8.4% on last year.
- Total expenses from ordinary activities increased by 4.3% during the year with salaries and associated expenses up 4.5%.

In the year in review we paid \$345,142 to the Government by way of dividend.

The current difficulties faced by the Board by this fall in revenue and increasing expenses by way of salary due to the 2008 State Service Wages Agreement, places significance on the new three year CSO Funding Agreement. The current three year funding agreement expires on 30 June 2011.

The Board believes that it is critical to the financial viability of the Public Trustee that the full costs of the provision of Community Service Obligations are funded by the Government.

One of the major shifts in the Public Trustee's business is the increasing number of clients whose affairs we manage by order of the Guardianship and Administration Board.

As at June 2003, there were 268 such clients of whom 70% were CSOs, or 187 clients. As at 30 June 2010, there were 557 clients (71% CSOs or 398 clients). This number will continue to increase. These clients now constitute 28% of the Public Trustee's business, up from 12% in 2003. However many of this client base have challenging behaviours and the relative resources required to service them exceeds the proportion of the total matters represented by these clients. The resources required to service these clients will increase, given the significant increase in their number.

The Board will therefore be seeking a review of the funding model to ensure that it receives adequate and appropriate funding for the provision of CSO services for the three years commencing 1 July 2011. This agreement needs to incorporate flexibility measures so that the increasing costs of the provision of CSOs are met on an emerging basis.

Funds under management, which total \$148 million, continue to be a core area of business for the organisation.

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 2.01% to 3.92% per annum and averaged 2.93%. 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 3.98%, 2.80% and 2.99% respectively to the end of June 2010. These returns have been affected by the significant down turn in the markets flowing from the global financial crisis.

In the year in review, the Board completed a strategic review of its client's investment policy, objectives and strategies with the use of an external consultant. The review concluded that the Public Trustee's investment objectives, strategies and asset allocation are appropriate. Some minor changes were recommended and these have been implemented. We are now in the process of selecting a fund manager going forward.

The directors and senior managers of the Public Trustee undertook a facilitated, 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 a 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. We have continued with our public brand awareness campaign in both print and television media.

During the year in review, the Board completed its review of the existing service delivery model. The recommendations approved by the Board have now been the subject of consultation with staff and will be implemented in the coming year.

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. The performance review covered the role of the Board, director's duties, finances, mission and direction and meetings. The Board has a Board Charter and a Code of Conduct for Directors. The Charter sets out the Board's functions, responsibilities and its operational details. The purpose of the Code is to promote ethical standards for Directors in the performance of their duties.

The Board also reviewed and updated the organisation's strategic risk management framework.

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

I would like to acknowledge and thank Elizabeth Thomas and John Fisher who both retired as directors during the year. Elizabeth has been a director with the Public Trustee for 14 years, a significant part of which she was also CEO. She was Chair of the Audit Committee for 7 years. John was a Director for 13 years and Chair of the Investment Committee for 9 years. I thank them for the time, commitment and contributions that they have made over such a long time.

Two new Directors joined the Board in January 2010, namely Caroline Rockefeller and Peter Blackwood.

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.

Prior to joining the Board Mr Blackwood had a long career in the not for profit sector having been CEO of Oak Tasmania, which provides employment, training and accommodation to people with a disability.

I wish to thank the Chief Executive Officer, Peter Maloney for his enthusiastic commitment to the organisation and the dedicated management team. I further acknowledge the work of our employees who continue to perform so well in service delivery to our clients. Their contribution is greatly appreciated.

Since becoming a Government Business Enterprise, the Board and staff of the Public Trustee have worked to balance the commercial imperatives of the organisation with its commitment to deliver the government's social policy objectives. This will continue to be a challenge for the organisation but with the commitment of the Board and staff, the Public Trustee is well positioned to meet it.

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 the financial year 2009-10. Despite the difficulties mentioned by the Chairperson in her Report, we have again achieved an operating profit.

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 726 surveys sent during 2009-2010, we received a response rate of 36%. Of those beneficiaries who responded, 86% stated their experience in dealing with the Public Trustee either met or exceeded their expectation. This is measured against a target of 85% so this is a very pleasing result. 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.

In this context, it is pleasing to note the findings in the recently completed Special Report completed by the Auditor General in relation to the Public Trustee's Management of Deceased Estates.

The Auditor General has concluded that they have found a high level of compliance leading to his conclusion that the Public Trustee administers deceased estates in a proper fashion and in doing so complied with internal policies and procedures.

Our will client surveys continue to produce outstanding results. For the year in review we distributed 778 surveys with a 49% 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 731 new wills and 973 revision wills. This is a significant improvement on last year. In the year in review we introduced a program of regional visits throughout the State for the purposes of will writing. There were 20 such visits throughout the year. This was well received by those persons who made a booking to see our representative. This will be an ongoing program

Public presentations and seminars continue to be a core area of activity for the organisation. We conducted 67 seminars and presentations around the state to a variety of groups and organisations with 1483 attendees.

We continue to be active in the area of marketing and communication. Once again a marketing and promotional brand awareness campaign was conducted in print and TV media. The campaign has been updated recently with a new print and TV media campaign.

We continued with a number of other marketing strategies, particularly in relation to communicating more frequently with our Will clients. Once again this year we provided our popular 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 legacy. The seminars were well attended. We also produced two editions of our newsletter 'Matters of Trust' which contains useful information for our clients and the Tasmanian community.

This year there has also been a strong focus on Human Resource Management issues. At the Public Trustee we acknowledge that our people are our most important asset and that they need to be engaged, skilled, resourced and managed appropriately.

As a first step, we reviewed our performance management system and introduced enhancements to include Key Performance Indicators to ensure that the system aligns with our strategic goals.

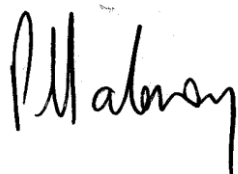
We also commenced a project involving all the staff to identify appropriate workplace behaviours which support our core values of service, respect and integrity. This will ensure that in all our dealings with our clients and each other, we will all behave in ways that reflect these core values. The performance management system will be altered to provide feedback to staff members about whether their behaviour is consistent with these new values and behaviours. The project will continue into the next financial year. We will survey our staff annually so that we can measure how we are progressing in relation to this.

We also recognise that leadership is an important component of this project. We have therefore commenced a leadership development program for all our managers, which involves a 360 degree feedback about each individual's emotional intelligence followed by targeted coaching. This will develop our managers so that they can provide best practice in people management.

Improvement in client service continues to be a strong focus of the organisation and this is one of the reasons for the projects mentioned above. We have also concluded the Service Delivery Model Review, one of the major aims of which was to improve service delivery to our clients. We are now in the process of implementing the review recommendations which will occur in the current year.

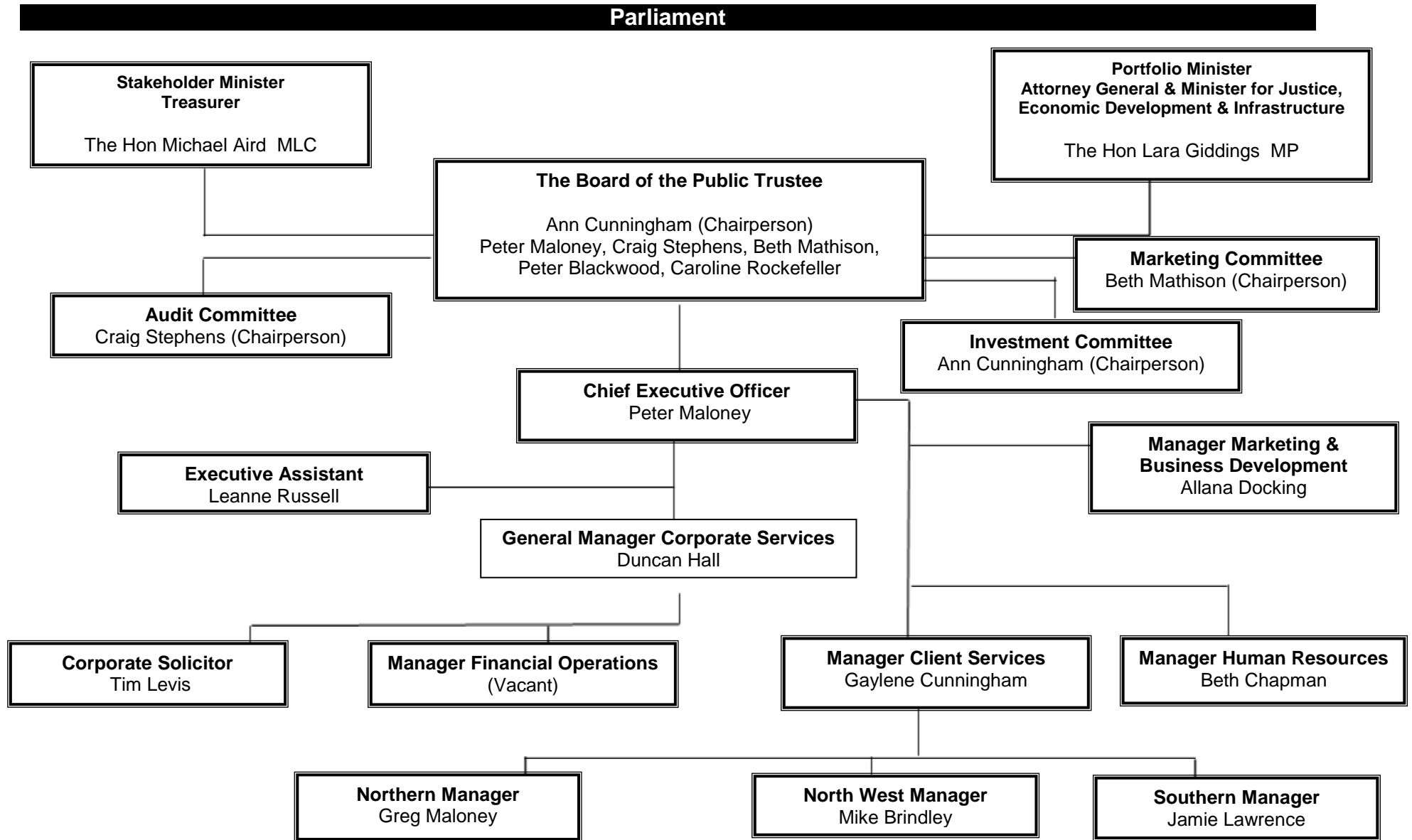
In conclusion I would like to once again thank the Chairperson of the Board, Ann Cunningham and my fellow Directors. Their contribution to the organisation and their support and assistance to me is invaluable. They give of their time freely outside normal Board and Committee meetings. It is greatly appreciated.

I would like to thank the Public Trustee team for all their efforts during this 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. 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 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.

Board members:

Ann Cunningham LLB (Hons) Chairperson

Board member April 2000
Chairperson of the Board May 2004
Member of the Audit Committee
Chairperson of the Investment Committee
Fellow 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, Presiding Member of The Resource Management and Planning Appeals Tribunal, a Director of the Marine and Safety Tasmania Board and a State Councillor of the Australian Institute of Company Directors.

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. He is a barrister and solicitor and is also a member of the Salvation Army Advisory Committee.

Craig Stephens BCom

Board Member October 2004
Chairperson 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 Marketing Committee
Member of the Audit Committee
Fellow 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.

Peter Blackwood

Board Member January 2010
Member of the Marketing Committee
Graduate member 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, which provides employment, training and accommodation to people with a disability. Peter brings with him extensive experience in the community sector.

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. Caroline is also a director of The Skills Institute of Tasmania.

End of term Directors – December 2009

John Fisher

Board Member August 1996 – December 2009
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.

Elizabeth Thomas BA

Public Trustee 1994-1996
Chief Executive Officer 1996-2003
Board Member September 1995 – December 2009
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.

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. It is conducted by a subcommittee of the Board and reports to it.

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
Ann Cunningham	13	11	6	6	7	6		
John Fisher	7	6			4	4		
Craig Stephens	13	12	6	6				
Elizabeth Thomas	7	7	4	4			6	6
Beth Mathison	13	12	2	2			9	9
Peter Maloney	13	13	6	5	7	7	9	9
Effective January 2010								
Peter Blackwood	6	5					3	3
Caroline Rockefeller	6	5			3	2		

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 20010-11 to 2012-13 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	2010-2011	2011-2012	2012-2013
Return on Tangible Assets	3.2%	4.7%	5.6%
Return on Tangible Equity	14.6%	19.1%	20.4%
Net Tangible Equity to Tangible Assets Ratio	16.4%	18.3%	20.1%
Net Profit before Tax	\$400,000	\$600,000	\$725,000
Debt to Equity Ratio	N/A	N/A	N/A
Interest Cover Ratio	N/A	N/A	N/A

The notional income from the provision for Retirement Benefits, \$9.0M, 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.

	2010-2011	2011-2012	2012-2013
Dividends	\$0	\$140,000	\$210,000
Income tax equivalent payments	\$258,000	\$165,000	\$208,000
Guarantee fees	\$0	\$0	\$0
TOTAL	\$258,000	\$305,000	\$418,000
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 2009 – 2010 were:

	Corporate Plan Target 2009-2010	Actual for 2009-2010
Return on Tangible Assets		
Earnings before interest & Tax / Total Tangible Assets	1.6%	-1.2%
Return on Tangible Equity		
Earnings after Tax / Net Tangible Assets	6.2%	-6.7%
Net Tangible Equity to Tangible Assets Ratio	22%	4.7%

The notional income generated from the \$10.4 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 22% of total assets and 86% of net assets as at 30 June 2010 and have the effect of reducing the return on assets and profit to equity ratios.

Return on Tangible Assets

This is below the Corporate Plan target as a result of a loss before tax for the year.

This resulted, firstly, from a downturn in the funds market that had a negative impact on the value of corporate investments. Secondly, there was an expected downturn in revenue from ordinary activities as a result of the effects of the Global Financial Crisis (GFC).

Tangible assets are lower as a result of the higher than expected intangible component of total assets. This results negatively on this ratio.

Return on Tangible Equity

This is below the Corporate Plan target as a result of a loss after tax for the year.

This resulted, firstly, from a downturn in the funds market that had a negative impact on the value of corporate investments. Secondly, there was an expected downturn in revenue from ordinary activities as a result of the effects of the GFC.

In addition, there has been a reduction in equity due to the change in value of the defined benefits in RBF from \$8.9 million in 2009 to \$10.4 million in 2010.

Net Tangible Equity to Tangible Assets Ratio

This is below the Corporate Plan target for 2010 due to the combination of the above returns.

Payments to Consolidated Fund

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

	2009-2010	2008-2009
Dividend	\$345,142	\$455,220
Income Tax Equivalent Payment	\$197,902	\$189,980
Guarantee Fee	Nil	Nil
TOTAL	\$543,044	\$645,200

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 2010-2011 are:

Guarantee Fee	\$0
Income Tax Equivalent Payment	\$258,000
Dividend	Nil
TOTAL	\$258,000

Statement on Superannuation Entitlements

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

Procurement Contracts

The Public Trustee had no procurement contracts in place as at 30 June 2010 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 2010 the Public Trustee employed 52 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 2010, matters classified as community service obligations accounted for 50% 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 2009-10 was \$1,215,000.

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
- Glenker Investments
- Superwrap
- Assetlink Superwrap



Ann Cunningham
Chairperson
Board of the Public Trustee

Public Trustee

Financial Statements

2009-2010

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 2010 and the financial position as at 30 June 2010 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.

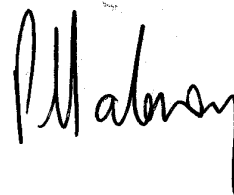
This declaration has been made after receiving the following declaration from the General Manager Corporate Services and Manager Financial Operations of the Public Trustee:

- a) the financial records of the Public Trustee for the year ending 30 June 2010 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.



Ann Cunningham
Director
20th August 2010



Peter Maloney
Director
20th August 2010

PUBLIC TRUSTEE
STATEMENT OF COMPREHENSIVE INCOME
For the Year Ended 30 June 2010

	Note	2010 \$	2009 \$
REVENUE FROM CONTINUING OPERATIONS			
Commission and Fees	3(a)	4,988,120	5,447,184
Funding of Community Service Obligations	3(a)	1,215,000	1,127,344
Income from Investments	3(a) 5	509,127	517,777
(Loss) Gain from Asset Revaluations		-	(132,500)
Profit(Loss) on Sale of Assets	6	(3,501)	-
Total Revenue from Continuing Operations		6,708,746	6,959,805
EXPENSES FROM CONTINUING OPERATIONS			
Employment Benefits	3(b) 7	4,290,719	4,096,522
Accommodation Expenses		371,953	253,478
Depreciation	3(b)	76,721	76,788
Administration Expenses		1,542,180	1,582,608
Total Expenses from Continuing Operations		6,281,573	6,009,396
RESULTS FROM CONTINUING OPERATIONS		427,173	950,409
Change in Value of Investments	8	(575,451)	-
PROFIT/(LOSS) BEFORE INCOME TAX		(148,278)	950,409
Income Tax Expense/(Benefit)	9	(49,684)	260,124
PROFIT/(LOSS) FOR THE YEAR		(98,594)	690,285
OTHER COMPREHENSIVE INCOME			
Revaluation of land and buildings			(67,500)
Defined benefit plan actuarial gains (losses)		(1,078,142)	50,241
Transfer from RBF provision to subsequent employer		-	(134,217)
Income tax on other comprehensive income	9	323,443	45,443
OTHER COMPREHENSIVE INCOME FOR THE YEAR		(754,699)	(106,033)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(853,293)	584,252

The notes on pages 6 to 27 are an integral part of these financial statements

PUBLIC TRUSTEE
STATEMENT OF FINANCIAL POSITION
As at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
CURRENT ASSETS			
Cash and Cash Equivalents	19	1,112,859	7,648,610
Trade and Other Receivables	10	568,662	545,893
Corporate Investments	11	10,174,549	-
Assets Classified as Held for Sale		-	4,235,000
Total Current Assets		<u>11,856,070</u>	<u>12,429,503</u>
NON CURRENT ASSETS			
Deferred Tax Assets	12	3,503,417	2,932,388
Property, Plant and Equipment	13	363,476	570,930
Total Non-Current Assets		<u>3,866,893</u>	<u>3,503,318</u>
TOTAL ASSETS		<u>15,722,963</u>	<u>15,932,821</u>
LIABILITIES			
CURRENT LIABILITIES			
Trade and Other Payables	14	645,282	816,232
Current Tax Payable	9	2,297	264,862
Provisions	15	753,903	754,332
Total Current Liabilities		<u>1,401,482</u>	<u>1,835,425</u>
NON CURRENT LIABILITIES			
Provisions	16	10,238,639	8,816,118
Deferred Tax Liabilities	17	-	67,216
Total Non-Current Liabilities		<u>10,238,639</u>	<u>8,883,334</u>
TOTAL LIABILITIES		<u>11,640,121</u>	<u>10,718,760</u>
NET ASSETS		<u>4,082,842</u>	<u>5,214,061</u>
EQUITY			
Asset Revaluation Reserve		-	224,050
Retained Earnings	18	4,082,842	4,990,011
TOTAL EQUITY		<u>4,082,842</u>	<u>5,214,061</u>

The notes on pages 6 to 27 are an integral part of these financial statements

PUBLIC TRUSTEE
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010

	Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$
Balance as at 1 July 2009	224,050	4,990,011	5,214,061
Comprehensive income for the year			
Profit (Loss)	-	(98,594)	(98,594)
Defined benefit plan actuarial gains (losses)	-	(1,078,142)	(1,078,142)
Deferred tax	-	67,217	67,217
Transfer to retained earnings	(224,050)	224,050	-
Income tax on other comprehensive income	-	323,442	323,442
Total comprehensive income for the year	(224,050)	(562,027)	(786,077)
Transactions with owners, recorded directly in equity			
Dividends paid	-	(345,142)	(345,142)
Total transactions with owners, recorded directly in equity	-	(345,142)	(345,142)
Balance as at 30 June 2010	-	4,082,842	4,082,842

The notes on pages 6 to 27 are an integral part of these financial statements

STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010

	Asset Revaluation Reserve	Retained Earnings	Total Equity
	\$	\$	\$
Balance as at 1 July 2008	291,550	4,793,480	5,085,030
Comprehensive income for the year			
Profit (Loss)	-	690,285	690,285
Defined benefit plan actuarial gains (losses)	-	50,241	50,241
Transfer from RBF provision to subsequent employer	-	(134,217)	(134,217)
Revaluation of Land and Buildings	(67,500)		(67,500)
Income tax on other comprehensive income	-	45,442	45,442
Total comprehensive income for the year	(67,500)	651,751	584,251
Transactions with owners, recorded directly in equity			
Dividends paid	-	(455,220)	(455,220)
Total transactions with owners, recorded directly in equity	-	(455,220)	(455,220)
Balance as at 30 June 2009	224,050	4,990,011	5,214,061

The notes on pages 6 to 27 are an integral part of these financial statements

**PUBLIC TRUSTEE
STATEMENT OF CASH FLOWS
For the year ended 30 June 2010**

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Receipts from Clients, Government & Common Fund		6,685,987	6,989,028
Cash Paid to Suppliers and Employees		(5,333,666)	(5,570,785)
Dividend Paid		(345,142)	(455,220)
Income Tax Paid		(460,467)	(189,980)
NET CASH FROM OPERATING ACTIVITIES	19	<u>546,712</u>	<u>773,043</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) Decrease in Investment in Common Fund		6,535,750	(1,200,000)
(Increase) Decrease in Investment in Corporate Investments		(10,750,000)	-
Proceeds from Sale of Property, Plant and Equipment		4,500,000	859,310
Acquisition of Property, Plant and Equipment		(68,213)	(429,116)
NET CASH USED IN INVESTING ACTIVITIES		<u>217,537</u>	<u>(769,806)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS		764,249	3,237
Cash and cash equivalents at 1 July		<u>348,610</u>	<u>345,373</u>
CASH AND CASH EQUIVALENTS AT 30 JUNE	19	<u>1,112,859</u>	<u>348,610</u>

The notes on pages 6 to 27 are an integral part of these financial statements

PUBLIC TRUSTEE

NOTES TO FINANCIAL STATEMENTS

NOTE 1 REPORTING ENTITY

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

NOTE 2 BASIS OF PREPARATION

a) Statement of Compliance

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 as a going concern on a 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).

The Financial Statements were signed issue by the Board of Directors on 16 August 2010.

b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

Financial assets are valued at fair value - the defined benefit asset is measured at the net total of the plan assets, plus unrecognised past service cost and unrecognised actuarial losses, less unrecognised actuarial gains and the present value of the defined benefit obligation.

c) Functional and Presentation Currency

These financial statements are presented in Australian dollars, which is the functional currency.

d) Judgments and Assumptions

The preparation of Financial Statements in conformity with AASB's require management to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Judgments made that have significant effects on the Financial Statements are disclosed in the relevant notes to the Financial Statements.

e) Changes in Accounting Policies

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. These include:

AASB 101 Presentation of Financial Statements – This standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income.

AASB 2009-2 Amendments to Australian Accounting Standards: Improving Disclosures about Financial Instruments – Introduces new disclosure requirements for fair value measurement and refines existing disclosures on liquidity risk for financial instruments.

AASB 2009-10 Amendments to Australian Accounting Standards: Reclassification of Financial Instruments permits the reclassification of certain non-derivative financial assets.

NOTE 3 SIGNIFICANT ACCOUNTING POLICIES

a) Income from Transactions

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.

Income from Investments

Finance income comprises interest income on funds invested, dividend income, gains on the disposal of available for sale financial assets, changes in the value of financial assets at fair value through profit or loss.

Interest income is recognised as it accrues in profit or loss using the effective interest method.

Dividend income is recognised in profit or loss on the date that the right to receive payment is established.

Rental income is recognised as it accrues.

Government Grants

The Public Trustee received no Government appropriations or grants during the year ended 30 June 2010.

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 \$1,215,000 for services supplied during the year (\$1,127,344 in 2008-2009).

b) Expenses from Transactions

Depreciation

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.

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.

Employee benefits

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.

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.

Other Expenses

Expenses for accommodation and administration are recognised when they are entitled to be used.

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

The Public Trustee has no finance leases

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.

c) Assets

Cash and Cash Equivalents

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

Trade and Other Receivables

Receivables are recognized at amortised costs, less any impairment losses, however due to the short settlement period, receivables are not discounted back to their present value.

Investments

The Corporate Funds of the Public Trustee are invested strictly in accordance with its Corporate Funds Investment Policy Statement which complies with Treasurer's Instructions GBE 07-44-01.

The Statement complies with the *Government Business Enterprises Act 1995* and provides the Public Trustee with an operational framework for the investment of its corporate funds.

The Statement sets out the investment objectives, risk profile, investment strategy, responsibility structure, risk management plan, investment management approach and performance assessment.

In accordance with this Statement the Corporate Funds of the Public Trustee were invested in three tranches, from January 2010 to June 2010, into the underlying investment funds which make up the existing Public Trustee Group Fund No 2. This Fund was established in 2004 to cater for the long term investment of the Public Trustee's client funds. The Corporate Funds have been invested in the identical asset allocation applying to the No 2 Fund. This means that the investment of the Public Trustee's Corporate Funds is managed in the identical way to its clients funds invested in the No 2 Fund.

Property, Plant and Equipment

Items of property, plant and equipments are measured at cost less accumulated depreciation. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipments is capitalised as part of that equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

d) Liabilities

Trade and Other Payables

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

Provisions

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.

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 comprehensive income.

e) Dividends

The Public Trustee pays a dividend annually to the State Government based on a percentage of profits for that year.

f) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable or payable is included as a current asset or liability in the Statement of Financial Position.

g) Income Tax

Income tax equivalent expense comprises current and deferred tax. Current and deferred tax are recognised in profit and loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

h) Comparatives

Comparative information has been re-presented so that it conforms with the revised standard.

i) New Standards and Interpretations not yet Adopted

The following applicable Standards have been issued by the AASB and are not yet applied:

AASB 2007-10 Further Amendments to Australian Accounting Standards arising from AASB 101 - revised Standard to be applied from reporting periods beginning on or after 1 January 2010. This Standard changes the term “general purpose financial report” to “general purpose Financial Statements” and the term “financial report” to “Financial Statements”, where appropriate, in Australian Accounting Standards (including Interpretations) and the *Framework* to better align with IFRS terminology. The Standard will not have a financial impact on the Financial Statements.

AASB 2009-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project – revised Standard to be applied from reporting periods beginning on or after 1 January 2010. The amendments to some Standards result in accounting changes for presentation, recognition or measurement purposes, while some amendments that relate to terminology and editorial changes are expected to have no or minimal effect on accounting. The Standard will not have a material financial impact on the Department’s Financial Statements.

j) Determination of Fair Values

Investments in Equity

The fair value of financial assets at fair value through profit or loss, held to maturity investments and available for sale financial assets is determined by reference to their quoted closing bid price at the reporting date.

k) Financial Risk Management

The Public Trustee has exposure to risks from the use of financial instruments.

The Board of Directors of the Public Trustee has developed a Corporate Funds Investment Policy Statement in accordance with the Treasurer’s Instructions GBE 07-44-01.

The Statement was established to comply with the Government Business Enterprises Act 1995 and to provide the Public Trustee with an operational framework for the investment of its corporate funds.

The Statement sets out the investment objectives, risk profile, investment strategy, responsibility structure, risk management plan, investment management approach and performance assessment.

The Policy Statement contains a Risk Register which identifies risks and the strategies to address them. The Statement, strategies and Risk Management Plan are reviewed on an annual basis by the Board.

NOTE 4 EVENTS OCCURRING AFTER BALANCE DATE

There have been no events subsequent to balance date which would have a material effect of the Public Trustee’s Financial Statements as at 30 June 2010.

	2010	2009
	\$	\$
NOTE 5 INCOME FROM INVESTMENTS		
Interest from Common Fund	63,322	299,760
Term Deposit Interest	256,848	-
Income from Investment Funds	144,378	-
Rental Income	44,580	218,017
Total Income from Investments	509,127	517,777

2010	2009
\$	\$

NOTE 6 PROFIT (LOSS) ON SALE OF ASSETS

Proceeds from Sale of Land & Building	4,500,000	-
Total Proceeds from Sale	4,500,000	-
Represented by -		
Assets Classified as Held for Sale	4,235,000	-
Plant & Equipment	210,755	-
Commission	51,136	-
Legal Fees	5,975	-
Valuers Fees	635	-
	4,503,501	-
Net Loss on Sale of Asset	(3,501)	-

NOTE 7 EMPLOYMENT BENEFITS

Wages & Salaries	2,916,684	2,612,671
Other Associated Personnel Expenses	724,331	774,754
Contributions to Defined Contribution Plans	649,705	709,096
Total Employment Benefits	4,290,719	4,096,522

NOTE 8 CHANGE IN VALUE OF INVESTMENTS

Macquarie Treasury Fund		
Purchase Price	1,060,000	-
Price at End June 2010	1,060,000	-
Net Change	-	-
Macquarie Fixed Interest Fund		
Purchase Price	3,120,000	-
Price at End June 2010	3,145,909	-
Net Change	25,909	-
Macquarie Equities Fund		
Purchase Price	3,340,000	
Price at End June 2010	2,980,872	
Net Change	(359,128)	-

	2010	2009
	\$	\$
Macquarie Property Securities		
Purchase Price	1,050,000	
Price at End June 2010	994,987	
Net Change	(55,013)	-
BlackRock International Fund		
Purchase Price	2,180,000	
Price at End June 2010	1,992,781	
Net Change	(187,219)	-
Total Change in Value of Corporate Investments	(575,451)	-

NOTE 9 INCOME TAX

Reconciliation of income tax expense charged in Statement of Comprehensive Income with income tax calculated on profit from ordinary activities before income tax

Operating Profit	(148,278)	950,408
Income Tax Expense Calculated at 30%	(44,484)	285,123
Tax Effect on Sale of Assets	1,050	-
Tax Benefit from Building Allowance	(6,250)	(24,999)
Income Tax Expense on Operating Profit	(49,684)	260,124
(Expense) Income Recognised Direct to Equity	(1,078,142)	(151,476)
Tax effect of Adjustments Direct to Equity	(323,443)	(45,443)
Realised Gain on Disposal of Investment Property		584,737
Tax Payable on Realised Capital Gain	-	175,421
Income Tax Expense/(Benefit) on Operating Profit	(49,684)	260,124
Tax Effect of Adjustments Direct to Equity	(323,443)	(45,443)
Tax Payable on Realised Capital Gain	-	175,421
Total Income Tax Expense	(373,127)	390,103
Analysis of Total Income Expense		
Income Tax Expense, Current Year	265,119	448,494
Increase (Decrease) Deferred Tax Liability	(67,216)	(200,249)
(Increase) Decrease Deferred Tax Asset	(571,029)	141,858
Total Income Tax Expense	(373,126)	390,103

	2010	2009
	\$	\$
Provision for Current Tax Liability		
Balance at Beginning of Year	264,862	(52,314)
Income Tax Paid	(460,467)	(239,612)
Tax Payable on Realised Capital Gain	-	175,420
Current Year's Income Tax Expense (Benefit)	197,902	381,368
Total Provision for Current Income Tax	2,297	264,862

NOTE 10 TRADE AND OTHER RECEIVABLES

Trade Debtors	568,662	545,893
Total Trade and Other Receivables	568,662	545,893

NOTE 11 CORPORATE INVESTMENTS

Macquarie Treasury Fund (at Cost)	1,060,000	-
Macquarie Fixed Interest Fund ¹	3,145,909	-
Macquarie Equities Fund ¹	2,980,872	-
Macquarie Property Securities ²	994,987	-
BlackRock International Fund ²	1,992,781	-
Total Corporate Investments	10,174,549	-

¹ Level 1 Financial Instruments

² Level 2 Financial Instruments

NOTE 12 DEFERRED TAX ASSETS

Timing Differences between Taxable and Accounting Income		
Balance at Beginning of Year	2,932,387	2,790,530
Employee Provisions	431,009	136,316
Depreciation	-	409
Other Expenses	(32,618)	5,132
Change in Value of Investments	172,639	-
Total Deferred Tax Assets	3,503,417	2,932,387

NOTE 13 PROPERTY, PLANT AND EQUIPMENT

Improvements to Buildings, at Cost	199,473	215,747
Accumulated Depreciation	(181,393)	(195,658)
Total Improvements to Buildings	18,080	20,089
Fixtures, Furniture and Equipment, at Cost	792,099	1,082,473
Accumulated Depreciation	(446,702)	(531,632)
Total Fixtures, Furniture and Equipment	345,397	550,841
Total Property, Plant and Equipment	363,476	570,930

	2010	2009
	\$	\$

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

Freehold Land

Balance at Beginning of Year	-	655,000
Annual Revaluation	-	(20,000)
Transfer to Assets Held for Sale	-	(635,000)
Balance at End of Year	-	-

Buildings on Freehold Land

Balance at Beginning of Year	-	1,530,000
Annual Revaluation	-	(47,500)
Transfer to Assets Held for Sale	-	(1,482,500)
Balance at End of Year	-	-

Improvements to Buildings

Balance at Beginning of Year	20,089	-
Acquisitions	-	20,096
Depreciation	(2,009)	(7)
Balance at End of Year	18,080	20,089

Fixtures, Furniture and Equipment

Balance at Beginning of Year	550,841	226,913
Acquisitions	48,470	409,020
Disposals	(179,308)	(8,310)
Depreciation	(74,607)	(76,782)
Balance at End of Year	345,396	550,841

Total Property, Plant and Equipment	363,476	570,930
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NOTE 14 TRADE AND OTHER PAYABLES

Creditors	645,282	816,232
Total Trade and Other Payables	645,282	816,232

NOTE 15 CURRENT PROVISIONS

Annual Leave	242,212	252,138
Long Service Leave	47,690	50,147
Retirement Benefits	464,000	452,046
Total Current Provisions	753,903	754,332

2010	2009
\$	\$

NOTE 16 NON-CURRENT PROVISIONS

Long Service Leave	305,970	293,468
Retirement Benefits	9,932,669	8,522,650
Total Non-Current Provisions	10,238,639	8,816,118

NOTE 17 DEFERRED TAX LIABILITIES

Timing differences between taxable and accounting income

Balance at Beginning of Year	67,216	267,465
Revaluation of Properties	(67,216)	(200,249)
Total Deferred Tax Liabilities	-	67,216

NOTE 18 RETAINED EARNINGS

Retained Profits at Beginning of Year	4,990,011	4,793,480
Dividend Paid	(345,142)	(455,220)
Total Comprehensive Income for the Year	(853,293)	584,251
Deferred Tax	67,217	-
Transfer from (to) Asset Revaluation Reserve	244,050	67,500
Total Retained Earnings	4,082,842	4,990,011

Note 19 CASH FLOW RECONCILIATION

Cash includes cash on hand and the cash component of the investment in the Common Fund.

Cash at the end of the year is as follows:

Cash on Hand	1,050	1,050
Cash Investment in Common Fund	1,111,809	347,560
Cash at End of Year	1,112,859	348,610

Reconciliation of net cash provided by operating activities to operating result	2010	2009
	\$	\$
Operating Profit (Loss)	(148,278)	950,409
(Profit) Loss from Asset Revaluations	224,050	132,500
Increase in Provisions for Employee Benefits	1,410,123	286,435
Increase (Decrease) in Creditors	(170,950)	94,027
(Increase) Decrease in Debtors	(22,769)	(115,954)
Dividend Paid	(345,142)	(455,220)
Depreciation	76,721	76,788
Income Tax Paid	(460,467)	(189,980)
Sundry	(16,576)	(5,960)
Total Cash Provided	546,712	773,044

NOTE 20 OPERATING LEASES

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

Amounts Payable not Later than 1 Year	111,170	83,823
Payable Later than 1 Year and Less than 5 Years	218,846	294,583
Total Amounts Payable	330,016	378,406

NOTE 21 AUDITORS REMUNERATION

Amounts Due for Audit of Financial Reports	19,950	21,090
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No other services are provided by Tasmanian Audit Office.

NOTE 22 EMPLOYEE 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 thirteen current staff who are contributing members and will receive lump sum benefits or pensions on resignation, retirement, death or invalidity.

There are 15 former staff or their dependants who are currently receiving pensions and there are 47 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 shortfalls 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 Statement of financial position.

Accounting Policy

Actuarial gains and losses are recognised immediately through retained earnings in the year in which they occur.

Fund Information

Defined benefit 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.

	2010	2009
	\$	\$
Reconciliation of Defined Benefit Obligation		
The defined benefit obligation consists entirely of amounts from plans that are wholly or partly funded.		
Present Value of Defined Benefit Obligations at Beginning of the Year	11,258,000	11,317,384
(+) Current Service Cost	184,725	256,093
(+) Interest Cost	623,780	637,952
(+) Estimated Contributions by Plan Participants	60,000	63,566
(-) Estimated Benefits Paid	430,973	526,626
(-) Estimated Taxes, Premiums & Expenses Paid	21,725	25,891
Expected Defined Benefit Obligations at Year End	11,673,807	11,722,478
(+) Actuarial (Gains)/Losses	1,170,193	(464,478)
Present Value of Defined Benefit Obligations at Year End	12,844,000	11,258,000

Reconciliation of Fair value of Scheme Assets

Fair Value Plan Assets at End of Prior Year	2,283,304	2,683,813
Estimated Employer Contributions	309,698	320,701
Estimated Participant Contributions	60,000	63,566
Estimated Operating Costs	21,725	25,891
Estimated Benefit Payments	430,973	526,626
	2010	2009
	\$	\$
Expected Return on Assets	154,976	181,978
Actuarial Gain / (Loss) on Assets	92,051	(414,237)
Fair Value Plan Assets at Year End	2,447,331	2,283,304

**Reconciliation of the Assets and Liabilities
Recognised in the Statement of Financial Position**

Defined Benefit Obligation	12,844,000	11,258,000
Fair Value of Plan Assets	2,447,331	2,283,304
Deficit/(Surplus)	10,396,669	8,974,696
Net Superannuation Liability/(Asset)	10,396,669	8,974,696
Current Net Liability	464,000	452,000
Non-Current Net Liability	9,932,669	8,522,696

Expense Recognised in Income Statement

Service Cost	184,725	256,093
Interest Cost	623,780	637,952
Expected Return on Assets	(154,976)	(181,978)
Superannuation Expense /(Income)	653,529	712,067

Amounts Recognised in Other Comprehensive Income

Actuarial (Gains) / Losses	1,078,142	(50,241)
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**Cumulative Amount Recognised in Other
Comprehensive Income**

Cumulative Amount of Actuarial (Gains) /Losses at end of Prior Year	1,099,131	1,149,372
Actual (Gains) /Losses Recognised during the Year	1,078,142	(50,241)
Cumulative Amount of Actuarial (Gains) /Losses at end of Year	2,177,273	1,099,131

Fund Assets

The percentage invested in each asset class at the Statement of Financial Position Date:

As at	30-June-10	30-June-09
Australian Equity	26%	20%
International Equity	22%	13%
Fixed Income	12%	11%
Property	20%	31%
Alternatives/Other	14%	19%
Cash	6%	6%

Fair Value of Fund Assets

The assets are not held separately for each authority but are held for the Fund as a whole. The fair value of the Fund assets was estimated by allocating the total Fund assets to each authority in proportion to the value of each authority's funded liabilities, calculated using the assumptions outlined in this report.

The fair value of Fund assets included no amounts relating to:

- Any of the authority's own financial instruments
- Any property occupied by, or other assets used by, the authority.

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 asset 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.

Actual Return on Fund Assets

Actual Return on Plan Assets	247,027	(232,259)
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Principal Actuarial Assumptions at the Statement of Financial Position Date

Discount Rate	5.35% pa	5.70% 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

Historical Information

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

Financial Year Ending	30-Jun-10	30-Jun-09	30-Jun-08	30-Jun-07	30-Jun-06
Present Value of Defined Benefit Obligation	12,844,000	11,258,000	11,317,384	12,272,830	10,694,739
Fair Value of Plan Assets	2,447,331	2,283,304	2,683,813	3,069,412	2,711,898
Deficit / (Surplus) in Plan	10,396,669	8,974,696	8,633,571	9,203,418	7,982,841
Experience Adjustment (Gain)/Loss -Plan Assets	(92,051)	414,237	421,892	(256,026)	175,746
Experience Adjustment (Gain)/Loss -Plan Liabilities	470,193	(145,872)	71,696	432,755	360,097

Expected Contributions

30 June 2011

Expected Employer Contributions	\$ 464,000
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NOTE 23 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	Financial Assets FVTPL
2010 Financial Assets	\$	\$	\$
Cash		1,050	
Investment in Common Fund		1,111,809	
Corporate Investments		1,060,000	9,114,549
Debtors	568,162		
Total Financial Assets	568,162	2,172,859	9,114,549
	Amortised Costs		
2010 Financial Liabilities	\$		
Creditors	645,282		

	Loans & Receivables	Cash & Cash Equivalents	Financial Assets FVTPL
2009 Financial Assets	\$	\$	\$
Cash		1,050	
Investment in Common Fund		7,647,560	
Debtors	545,393		
	<hr/>		
Total Financial Assets	545,393	7,648,610	
	<hr/> <hr/>		
	Amortised Costs		
2009 Financial Liabilities	\$		
Creditors	816,232		
	<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:

	Variable Interest Rate	Fixed
2010 Financial Assets		
Cash		1050
Investment in Common Fund	1,111,809	
Corporate Investments	1,060,000	
Debtors		568,162
	<hr/>	
Total Financial Assets	2,171,809	569,212
	<hr/> <hr/>	
2010 Financial Liabilities		
Creditors		645,282
	<hr/> <hr/>	
2009 Financial Assets		
Cash		1050
Investment in Common Fund	7,647,560	
Debtors		545,393
Total Financial Assets	7,647,560	546,443
	<hr/> <hr/>	
2009 Financial Liabilities		
Creditors		816,232
	<hr/> <hr/>	

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

c. Corporate Funds Investment Risk Management

The Public Trustee minimizes the risks associated with the investment of its corporate funds by investing strictly in accordance with its Corporate Funds Investment Policy Statement which complies with Treasurer's Instructions GBE 07-44-01. That Statement contains a Risk Management Plan and a Risk Register which have strategies to address risks. The Statement, Plan and Register are monitored regularly by the organization and the Statement and Risk Management Plan are reviewed on an annual basis by the Board of the Public Trustee

d. 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 investments by only investing assets in a government funding agency and major Australian financial institutions.

e. Financial Assets at Fair Value through Profit and Loss

Financial assets are non-derivative financial assets that are designated as available for sale. Subsequent to initial recognition, financial assets are measured at fair value and changes therein are recognized in Statement of Comprehensive Income.

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 is available at call and the balance is available subject to the liquidity of the investments of the fund.

g. 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
	\$		\$		\$
2010 Financial Assets					
Cash	1,050				
Investment in Common Fund	1,111,809	(11,118)	(7,783)	11,118	7,783
Corporate Investments	1,060,000	(10,600)	(7,420)	10,600	7,420
Debtors	568,162				
Total Financial Assets	<u>2,741,021</u>	<u>(21,718)</u>	<u>(15,203)</u>	<u>21,718</u>	<u>15,203</u>
2010 Financial Liabilities					
Creditors	<u>645,282</u>				
2009 Financial Assets					
Cash	1,050				
Investment in Common Fund	7,647,560	(76,476)	(53,533)	76,476	53,533
Debtors	<u>545,393</u>				

Total Financial Assets	8,194,003	(76,476)	(53,533)	76,476	53,533
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2009 Financial Liabilities

Creditors	816,232				
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NOTE 24 INVESTMENT OF CLIENT FUNDS

The Public Trustee maintains four investments 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 are as follows:

Asset Class	Common Fund	No. 1 Fund	No. 2 Fund	No. 3 Fund
	\$	\$	\$	\$
Cash	1,525,582	6,065,304	3,704,593	1,955,356
Cash Indexed Fund	51,012,610			
Australian Equities	-	2,166,071	11,515,556	5,546,649
Australian Fixed Interest	-	4,539,541	11,009,548	5,869,407
Property Securities	-	730,233	3,723,473	1,878,834
International Equities	-	1,400,991	7,521,123	3,696,653
Debtors	20,790			
Total Assets	52,558,982	14,902,140	37,474,294	18,946,900

Equity

Client Funds	51,447,173	14,902,140	37,474,294	18,946,900
The Public Trustee's Funds	1,111,809	-	-	-
Total Equity	52,558,982	14,902,140	37,474,294	18,946,900

A summary of the investment flows to and from each fund and the allocations of net fund earnings for the year to 30 June 2010 are as follows:

	Common Fund	No. 1 Fund	No. 2 Fund	No. 3 Fund
	\$	\$	\$	\$
Fund Value 01 Jul 2009	59,838,784	11,993,722	29,181,601	18,188,555
Capital Deposits	86,469,306	4,315,000	9,520,000	760,000
Capital Withdrawals	(93,749,108)	(2,015,000)	(4,880,000)	(1,230,000)
Unrealised Capital Gains (Losses)	-	608,418	3,652,693	1,228,345
Fund Value 30 Jun 2010	52,558,982	14,902,140	37,474,294	18,946,900

Unrealised Capital Gains (Losses)	-	608,418	3,652,693	1,228,345
Net Earnings Distributed to Investors	1,337,335	438,605	1,167,255	621,679
Total Fund Net Earnings (Losses)	1,337,335	1,047,023	4,819,948	1,850,024

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

Asset Class	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	-	1,732,252	8,680,822	5,424,990
Australian Fixed Interest	-	3,604,105	8,788,670	5,450,743
Property Securities	-	644,739	2,878,738	1,792,240
International Equities	-	1,178,057	5,974,354	3,728,542
Debtors	11,259			
Total Assets	59,838,784	11,993,722	29,181,601	18,188,555

Equity	Common Fund	No. 1 Fund	No. 2 Fund	No. 3 Fund
	\$	\$	\$	\$
Client Funds	52,191,224	11,993,722	29,181,601	18,188,555
The Public Trustee's Funds	7,647,560	-	-	-
Total Equity	59,838,784	11,993,722	29,181,601	18,188,555

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
	\$	\$	\$	\$
Fund Value 01 Jul 2008	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)	-	(920,584)	(5,567,893)	(3,816,891)
Fund Value 30 Jun 2009	59,838,784	11,993,722	29,181,601	18,188,555

Unrealised Capital Gains (Losses)	-	(920,584)	(5,567,893)	(3,816,891)
Net Earnings Distributed to Investors	2,629,021	579,166	1,480,193	967,670
Total Fund Net Earnings (Losses)	2,629,021	(341,418)	(4,087,700)	(2,849,221)

Independent Audit Report



Tasmanian Audit Office

SURVIVE | LEAD | EXCEL | TO MAKE A DIFFERENCE

INDEPENDENT AUDIT REPORT

To Members of the Parliament of Tasmania

PUBLIC TRUSTEE

Financial Statements for the Year Ended 30 June 2010

Report on the Financial Statements

I have audited the accompanying financial statements of the Public Trustee, which comprise the statement of financial position as at 30 June 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the certification 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 2(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 Public Trustee's preparation and fair presentation of 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 the 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.

I confirm that the independence declaration was provided to the directors on the same day as this audit opinion and is included in the Directors' 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 the Public Trustee as at 30 June 2010, 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 2(a).

TASMANIAN AUDIT OFFICE



JJ Tongs

DIRECTOR - FINANCIAL AUDIT SERVICES
Delegate of the Auditor-General

HOBART

13 September 2010

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.