

Annual Report 2021/2022

11 October 2022

The Hon Elise Archer MP
Minister for Justice
Level 10
Executive Building
15 Murray Street
HOBART TAS 7000

The Hon Michael Ferguson MP
Treasurer
Level 5
4 Salamanca Place
HOBART TAS 7000

Dear Ministers,

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 2022.

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

Yours sincerely



Ms Therese Taylor
Interim Chairperson
The Board of the Public Trustee



Mr Todd Kennedy
Chief Executive Officer
Public Trustee

Cc: The Auditor-General

1. Responsible Minister

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

2. Principal Legislation

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

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

3. Main Undertakings

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

- preparing Wills, enduring powers of attorney and enduring guardianships;
- 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 TASCAT; and
- managing funds under the control of the Public Trustee in order to provide a commercial rate of return to contributors.

4. Our Aim, Values and Goals

Our Aim

Our aim is to provide a safety net to all Tasmanians, always: helping them to protect their legacy through our services of wills, estates, and financial administration.

Core to our purpose is the provision of financial administration services to Represented Persons.

Our Values

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

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

Our goals

Goal 1: Our customer is central	Goal 2: Strong and trusted relationships with stakeholders	Goal 3: A committed, capable and engaged workforce	Goal 4: A fit for purpose business model
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We will provide our services with empathy, dignity, and respect. We will have our customers at the centre of everything we do. Sound governance, communication and a responsive and personable culture will underpin our work at Public Trustee.

5. Joint Chairperson and CEO Report

It is our pleasure to present the Annual Report for the year ended 30 June 2022.

Introduction

The Public Trustee has focused on several significant issues this year, including:

- Independent Review of Public Trustee
- Strategy
- Ministerial Charter
- Community Service Obligation agreement
- Wills and Estate Planning
- Beneficiary survey
- Complaints
- Workplace, Health and Safety
- Governance
- Funds Management; and
- Performance.

Independent Review of the Public Trustee

The Independent Review into the administrative and operational practices of the Public Trustee has provided an opportunity to engage better with clients and stakeholders and look at ways to improve our services.

We committed to improving our services, especially the way we support vulnerable Tasmanians.

The Independent Review enabled the community to provide valuable feedback, with the final report making 28 recommendations relating to the Public Trustee. We welcome the Review, accept all recommendations and are making strong progress with 13 recommendations being implemented and with most items now in progress. Those recommendations that are subject to additional funding requests are likely to take additional time to consider and address through Budget considerations. We aim to implement all recommendations relating to the Public Trustee by 30 September 2023.

Importantly, we have established client and stakeholder reference groups, which have been vital in ensuring the Public Trustee continues to become a more client-centric organisation.

We would like to acknowledge our clients and the following organisations for their ongoing commitment and contribution to our client and stakeholder reference groups.

- Anglicare
- Baptcare
- COTA Tas
- Health Consumers Tasmania
- Tasmania Legal Aid
- MultiCap Tasmania
- North West Support Services
- Office of the Public Guardian
- Palliative Care Tasmania
- SpeakOut Advocacy
- TasCoss; and
- Tasmanian Health Service.

We look forward to continuing to work together implementing the remaining recommendations of the Review.

An update regarding implementation of the recommendations is as follows:

Reference	Recommendation	Responsibility	Status Update
1.1	The TasCAT ensure that hearings are held for the granting of all emergency orders and explain the emergency order process and outcome to the subject and his or her family and support group.	TASCAT	☑
1.2	The TasCAT update the Annual Report pro forma for Administrators to include a report on section 57 duties and outcomes.	TASCAT	☑
1.3	The Attorney General introduce legislation to amend the Guardianship and Administration Act 1995 in advance of implementing the recommendations of the TLRI: <ul style="list-style-type: none"> • to enable TasCAT to examine the extent of a conflict of interest. I suggest adopting the provisions in the WA Legislation; and • consider at the same time a minor amendment of the appeal provisions of the Act to incorporate the WA provisions. 	Tasmanian Government	In progress
2.1	Review communications across all fields of work of the Public Trustee.	Public Trustee	☑
2.2	Consider the levels of service/communication required for represented persons and implement them.	Public Trustee	In progress
2.3	Consider the appropriateness of the CAMs pooling model and settle performance standards.	Public Trustee	☑
2.4	Train all staff on record keeping, particularly accurate inventory recording when the Public Trustee takes possession of property.	Public Trustee	☑
2.5	Consider its resourcing requirements for CSO clients in the	Public	☑

Reference	Recommendation	Responsibility	Status Update
	context of the next CSO Agreement.	Trustee / Treasury	
3.1	Improve its file management practices and recording, including resubmit/reminders.	Public Trustee	In progress
3.2	Review filing separation between the legal section and operational filing for the same matter.	Public Trustee	In progress
4.1	The Public Trustee develop appropriate information and presentations so that the Tasmanian community understands the various roles and powers of the Public Trustee especially: <ul style="list-style-type: none"> i. in areas of managing a represented person's estate and ii. when entering an aged care facility and iii. more generally about the Trustee's powers when administering a represented person's affairs. 	Public Trustee	<input checked="" type="checkbox"/>
5.1	The Public Trustee engage with stakeholders and implement a Customer Reference Group to assist in the development of appropriate service initiatives and improve its services to clients.	Public Trustee	<input checked="" type="checkbox"/>
6.1	Develop a customer centric model to support the journey of all Public Trustee clients with a focus on delivering best practice in the industry so that Tasmanians feel secure in their engagement whether that be as a represented person, executor or administrator of last resort.	Public Trustee	In progress
6.2	Provide training to staff about customer service standards and appropriate expectations as a professional trustee.	Public Trustee	Supported - subject to completion of recommendation 6.1.
6.3	Implement a program of training for client account managers that covers the policies and procedures of the Public Trustee to better support staff.	Public Trustee	<input checked="" type="checkbox"/>
6.4	Develop a policy to be able to identify and triage complex matters including legal/commercial and to obtain appropriate advice to avoid delays in the administration of estates	Public Trustee	In progress
6.5	Expand management reporting to the Board to include a regular Board report on compliance with administrator obligations under the Guardianship and Administration Act 1995 Include in the report under 6.5 a separate section which addresses performance against best practice standards for administrators.	Public Trustee	In progress
7.1	The Government appoint the Disability Services Commissioner to an oversight role for represented persons with a grievance.	Tasmanian Government	Supported in principle - subject to appointment of Disability Services Commissioner.
C1.1	The Attorney General and Treasurer update the Public Trustee's Ministerial Charter to reflect their expectations in respect of CSO and represented person clients and the management of funds held in trust.	Tasmanian Government	<input checked="" type="checkbox"/>
C1.2	The Public Trustee include in its Statement of Corporate Intent performance measures relating to: <ul style="list-style-type: none"> • trustee industry financial performance targets; • its obligations under the Guardianship and Administration Act 1995 Act to represented persons in respect of promoting their independence and communication in respect of their wishes; 	Public Trustee	<input checked="" type="checkbox"/>

Reference	Recommendation	Responsibility	Status Update
	<ul style="list-style-type: none"> client satisfaction with CSO delivery; and its obligations under the Public Trustee Act 1930 as a manager of trust funds. 		
C3.1	The Treasurer request the Tasmanian Economic Regulator to undertake a review of the Public Trustee's fees and charges for those clients who are required by legislation to use its services.	Tasmanian Government	Supported in principle - subject to further consideration of the most appropriate and timely mechanism for the review.
C3.2	The Public Trustee match the fees charged to represented persons with those in the Northern Territory.	Public Trustee	Supported in principle - subject to completion of the review under C.3.1.
C3.3	The Public Trustee keep the Treasurer informed on the status of its request for a GST exemption for represented person fees.	Public Trustee	In progress
C4.1	The Attorney General and the Treasurer review the scope of the CSO services purchased from the PT where there appears to be private sector provision such as for the administration of estates under \$60k.	Tasmanian Government	☑
C4.2	The Public Trustee include performance indicators relating to the quality of client service provided in the next CSO agreement.	Public Trustee / Treasury	☑
C4.3	The Attorney General and the Treasurer fully fund the Public Trustee's net avoidable costs of service provision in the next CSO agreement, with funding escalation to reflect demand growth.	Public Trustee	In progress
C4.4	The counterparty to the next CSO agreement should be the Minister for Community Services supported by the proposed Tasmanian Disability Commissioner.	Tasmanian Government	Counterparty for Interim CSO Agreement to remain unchanged at this time
C6.1	The Attorney General and the Treasurer retain the existing GBE model for the Public Trustee and use the performance framework in the Government Business Enterprises Act 1995 to improve service delivery to its CSO clients and represented persons.	Tasmanian Government	In progress

☑ - Implemented

Strategy

In April 2021, the Board and Senior Leadership Group adopted three key strategic themes for the 2021-22 financial year being:

- a workplace Cultural Development Program to ensure all staff at the Public Trustee are responsive to the needs and circumstances of all clients.
- the development of a client-centric service delivery model across all the organisation's service lines.

- a review of product offerings, in particular estate planning, and a possible alternative to the capital commission fee structure for deceased estates.

Since this time, the Independent Review has further informed development of Public Trustee's strategy and will continue to provide a point of reference into the future.

The Board met in February 2022 to agree on the key elements of this Corporate Plan.

Our aim is to provide a safety net to all Tasmanians, always: helping them to protect their legacy through our services of wills, estates and financial administration. Core to our purpose is the provision of financial administration services to Represented Persons.

A summary of the key elements of this Corporate Plan follows.

Goal 1: Our customer is central

Our objectives are:

- To implement a customer centric approach in all we do.
- We will deliver services with empathy, dignity and respect and work with our customers in accordance with our duty to operate in their best interest. We will be responsive and personal in our approach.
- We will collaborate and listen to our customers and our processes for making decisions will include participation from our customers who require assistance, and we will work productively with our customers and their personal support persons and networks.
- We will provide quality advice to our customers who seek support with wills and estates.

Goal 2: Strong and trusted relationships with stakeholders

Our objectives are:

- Build and develop productive relationships with stakeholders that can inform and improve customer outcomes. We commit ourselves to working collectively with our stakeholders.
- Educate and communicate with stakeholders on the role and purpose of Public Trustee and its activities and services.
- Through collaboration contribute to whole system processes and improvements.
- Build government and community confidence in Public Trustee.

Goal 3: A committed, capable and engaged workforce

Our objectives are:

- To build capability and capacity within Public Trustee staff to support the change journey.

- Develop and embed a customer-focused culture which supports staff to be engaged and committed.
- Invest in the development of management and leadership capability to support succession.
- Recruit for the new skills required through the change journey.

Goal 4: A fit for purpose business model

Our objectives are:

- To develop and implement a customer focused business model that is fit for purpose, sustainable and responsive to changing customer, community and government expectations and market conditions.
- Deliver an appropriate return on government investment and progress commercial opportunities to support the business model.
- Deliver government objectives for the funded services.

Ministerial Charter

One of the recommendations of the Independent Review was to revise the Ministerial Charter.

The revised Ministerial Charter was tabled in Parliament on 8 September 2022. The Ministerial Charter sets out the Government's expectations and puts in place a strong framework for the Public Trustee to deliver.

Importantly, the Ministerial Charter makes it clear that our clients are at the centre of everything we do.

Community Service Obligation agreement

The Public Trustee and the Tasmanian Government have entered into an agreement detailing the terms by which the Public Trustee will fulfil Community Service Obligations (CSO) on behalf of the Government.

The Public Trustee and the Tasmanian Government entered into a CSO Agreement for three years, from 1 July 2017 to 30 June 2020. The CSO Agreement has been extended for two years to 30 June 2022.

The CSO Agreement requires the Government to fund the Public Trustee's costs of administering defined estates, trusts and people's affairs.

On 30 June 2022, the Public Trustee was acting as administrator by order of TASCAT to manage the financial affairs of 895 (2021: 908) people that are CSO.

Public Trustee is working with Government to finalise an interim CSO Agreement for the period ending 30 June 2023, which will enable the Public Trustee to implement the recommendations of the Independent Review.

Wills and Estate Planning

Public Trustee's Wills and Estate Planning services provide all Tasmanians with access to affordable, professional Will and estate planning services, over the phone, online or in one of our three branches across the state.

We enable customers to:

- Prepare an enduring power of attorney document to appoint an attorney to manage their assets and financial affairs on their behalf if they lose the capacity.
- Prepare an enduring guardianship document to appoint a guardian to make health and personal decisions when they are not capable of doing so themselves.
- Prepare a Will to appoint an executor and specify how assets and property are to be divided when they pass away.

Clients can appoint family members or friends to be their executor, attorney or guardian. For clients who do not want to burden their loved ones with the tasks of administering an estate or managing their financial affairs, they can appoint the Public Trustee to be their executor or attorney.

We prepare and update Wills and enduring power of attorney documents free of charge for customers with a senior or Government pension card when they appoint the Public Trustee as executor or attorney.

Information about estate planning and estate administration is distributed state-wide via our offices, Service Tasmania branches, our website and social media channels.

The Public Trustee has been liaising with clients, key stakeholder groups and agencies to improve outcomes for customers. We have set up ongoing client and stakeholder reference groups to gain a deeper understanding of the issues our clients face.

Opinion editorials were published in the last financial year in the Mercury and Tasmanian Country to educate the community on the Public Trustee's various roles and the importance of planning ahead to make your wishes known in legal documents.

Comparative figures for Wills finalised by the Public Trustee and seminars held across the state are shown below.

	2021/22	2020/21
New Wills	120	282
Revision Wills	252	362
Non-executor Wills	222	307
Non-executor revised Wills	58	43

	2021/22	2020/21
Seminars and presentations held	0	10
Seminar and presentation attendees	0	203
Information video views (via YouTube)	961	942

Beneficiary survey

During the last 12 months, the Public Trustee surveyed the beneficiaries of deceased estates administered by the Public Trustee to gain an insight and understand their experience with the Public Trustee and level of satisfaction with the services it provided.

The responses pointed to a high level of satisfaction to the extent that 94% of respondents indicated that they were satisfied with the services provided to them during the administration of the estate.

In 2022/2023, the Public Trustee will be surveying our broader client base including Represented persons, Will clients, Beneficiaries, Trust in addition to our staff and external.

Complaints

Public Trustee supports the implementation of an effective complaint handling process to ensure that complaints received by the organisation are managed in an accountable, transparent, timely and meaningful way and complainants are treated with respect throughout the complaints process. Public Trustee considers complaints as opportunities to identify areas requiring improvement.

The information obtained through the complaints handling process will lead to improvements in services, processes and ensure any complaints are properly handled. It will improve the reputation of the Public Trustee as it provides confidence in the consistent treatment of complaints.

An effective and efficient complaints handling process reflects the needs of both the Public Trustee in providing its services and delivering those services to its clients.

A summary of complaints from 1 July 2021 to 30 June 2022:

Complaints	Commercial	CSO	Unsubstantiated	Substantiated
Personal Services	23	13	17	19
Estates	2	-	2	-
Trusts	4	1	1	4
Legal	1	-	1	-
Total	30	14	21	23

As part of the Independent Review and since the release of the report, clients, stakeholders and the community have been encouraged to raise issues or complaints. Consequently, the number of complaints received in the year to 30 June 2022 has increased.

As part of the Public Trustee's response to the Independent Review, we have increased our engagement activities with a range of stakeholders and clients to ensure that, where possible, we can resolve complaints to our client's satisfaction and in turn anticipate any issues and manage them proactively to provide better service delivery and better outcomes for the client and community.

Workplace, health and safety

COVID-19

The Public Trustee continues to follow Public Health guidelines and maintain a safe workplace for staff.

The Hobart Office had one incident involving a small (four staff) COVID-19 outbreak requiring the activation of the Hobart Safety Plan. With the exception of essential staff, all remaining staff undertook work from home arrangements for a two week period until advised to return to work.

Work Health and Safety (WHS)

The Public Trustee is committed to ensuring that no one employed or engaged by the organisation will suffer a preventable injury and illness in the workplace. At all times, the Public Trustee manages the risk of injury and illness, ensuring all identifiable risks are understood and integrated into our work health and safety plans.

During 2021-2022 our commitment to protecting our staff continued with the periodic review and updating of our WHS Risk Register and Annual Action Plan. In addition, the WHS Group (Consultative) Committee continued to meet, providing the opportunity for all staff to consult with members on WHS issues. WHS is considered in all Business Unit Team Meetings and by: the Senior Leadership Group, Board and Audit Committee.

Ergonomic workstation assessments continued to be included in the employee induction process and on-demand by existing employees. In addition, the Public Trustee conducted hazard inspections and workstation safety reviews per requirements.

Reporting of all incidents, accidents, and hazards is embedded into the Public Trustee's Client Management System, which provides monitoring, analysis, and reporting.

Employee Wellbeing

The Public Trustee adopts a proactive approach to employee wellbeing.

The Public Trustee provided a number of programs and initiatives during 2021-2022 to support positive health outcomes for employees, including:

- Employee Assistance Program offering confidential counselling support; and
- On-site visitation by qualified counsellors.

Workplace Diversity

The Public Trustee's Diversity and Inclusion Policy outlines our commitment to recognising and utilising diversity in the workplace and the community we serve. Employees are reminded of our commitment at induction to the organisation, during bi-annual training and routine reminders at team meetings.

The organisation's human resource management policies and practices provide fair and equitable access to employment, promotion and personal development.

Governance

Corporate governance continues to be a matter of focus for the Board. All Directors are graduates of the Australian Institute of Company Directors (AICD) through which they maintain their professional development and corporate governance knowledge. A review of Board and Director performance is undertaken annually.

Chairperson of the Public Trustee Board, Mr Mark Scanlon resigned from the role effective from 11 March 2022.

Mr Scanlon has been a dedicated Board member since 2016. His strong experience and expertise in the finance and banking sector has added great value to the Board and the work of the Public Trustee.

We thank Mr Scanlon for his service and wish him well for his future.

Ms Therese Taylor was appointed Interim Chairperson while a new Chair recruitment process was undertaken.

There are two (2) Directors whose current appointments are due to expire in 2022.

Funds Management

The Public Trustee is responsible for the management of client funds arising from a number of differing circumstances. This diversity of circumstances requires the Public Trustee to implement investment strategies for clients for varying periods.

The requirement to consider investment risk is managed by the Public Trustee collectively, investing client and trust funds into one of two available investment funds. The Common Fund is cash based and is utilised for liquidity purposes and in circumstances where there is no appetite for investment risk due to a limited investment timeframe.

The other investment fund invests in a varying mix of asset classes increasing the level of investment risk but also having an expectation of higher investment returns over longer periods.

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

Performance

Financial Year Result

The organisation recorded a loss after tax of \$274,084 for the financial year ended 30 June 2022 compared with a profit last year of \$218,631.

Total comprehensive loss for the year ended 30 June 2022 amounted to \$260,322 compared to a comprehensive profit of \$2,177,159 for the financial year ended 30 June 2021.

Factors contributing to the total comprehensive loss were:

- total revenue from activities was 4.7% lower than last year.
- of total revenue, fees and commission was 7% lower than last year and Community Service Obligation funding increased by 2.3%.
- total expenses from ordinary activities increased by 4.0% during the year. Employee benefits expenses increased by 1.7% on the prior year.
- dividend distributions on the Public Trustee's investment of its corporate funds was \$460,910 down from \$499,737 in 2021.
- increasing inflation in Australia and Worldwide has led to Central Banks increasing interest rates. As a result, market participants have begun repricing assets with sharp declines in major indices, Corporate investments have therefore been impacted with a decline in value of \$1,931,893 (before tax) for the year ended 30 June 2022.
- the annual re-measurement of the organisation's defined benefit liability resulted in income of \$1,951,470 (before tax) compared to \$566,119 in 2021. The current year result is based on a valuation by the State's Actuary and is predominantly attributable to change in financial assumptions.

Remuneration report

The remuneration of key management personnel is set out in Note 8 to the Public Trustee's financial statements for the year ended 30 June 2022.

The Public Trustee has complied with the *Guidelines for Tasmanian Government Businesses – Director and Executive Remuneration* for the year ended 30 June 2022.

Dividend to Government

Government Business Enterprises are required to pay 90% of net profits after tax as a dividend each year unless a business can justify a lower pay-out policy.

The dividend recommended by the Board to be paid to Government for the financial year ended 30 June 2022 is nil. This dividend represents 90% of the Public Trustee's operating profit after tax for the year ended 30 June 2022 less the Community Service Obligation funding gap.

The Government has historically determined not to seek payment of a dividend while the amount of any dividend is less than the CSO funding gap. A review of this arrangement is to be conducted annually.

Retirement of David Benbow

After seven years as Public Trustee CEO, Mr David Benbow retired from his position on 13 August 2021. Mr Benbow provided strong leadership for the organisation during this time, especially during the initial phases of the COVID pandemic.

We wish David well in his retirement and thank him for his service.

Appointment of New CEO

In early 2022, Mr Todd Kennedy was announced as the new CEO and commenced in the role on 17 January.

Mr Kennedy has an extensive background in wealth management and financial planning in Tasmania and brings more than 15 years' experience to the role.

Prior to accepting the role of Public Trustee CEO, Mr Kennedy held a number of senior leadership roles at MyState and Tasmanian Perpetual Trustees.

Conclusion

In the year ahead, our focus remains on successfully implementing the remaining recommendations from the Independent Review. We will continue working alongside our clients and stakeholders looking at ways to improve our services, especially the way we support Tasmanians experiencing vulnerability.

With Government's commitment to additional support, we will have a greater capacity to assist our clients with their varied and at times complicated matters. We are moving to provide more face-to-face staff throughout Tasmania, improving accessibility to our services and providing a more personal approach and most importantly reflecting their views in every decision we make with them.

Finally, it is our staff that enable us to provide our clients with a professional standard of service. We thank them for their dedication and commitment and look forward to working together as we focus on delivering the highest level of service for our clients.

We look forward to keeping you updated on our progress.

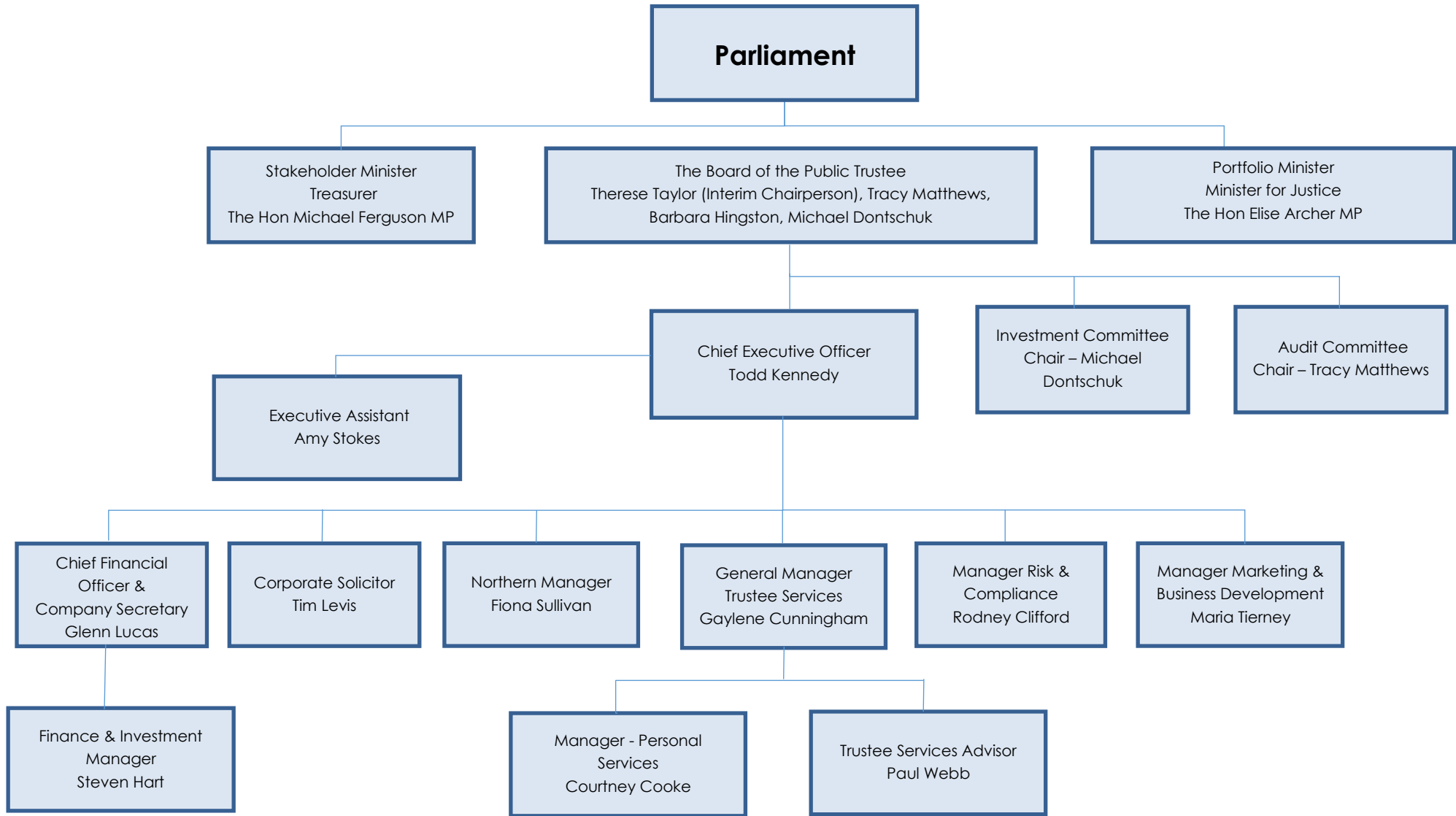
A handwritten signature in black ink that reads "T. Taylor". The letters are cursive and connected, with a prominent horizontal line above the "T".

Therese Taylor
Interim Chairperson

A handwritten signature in black ink that reads "TKennedy". The signature is cursive and includes a long, sweeping checkmark-like stroke at the end.

Todd Kennedy
Chief Executive Officer

6. Structure of the Public Trustee



7. 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 Minister for Justice 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 comprises five independent Directors. All Directors are appointed by the Executive Council 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 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.

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:

Therese Taylor BCom (Journalism), BA, Dip.Ed, GradDip Administration, GAICD.
Interim Chairperson and Non-Executive Director
Member of the Investment Committee
Original appointment: 20 October 2020
Current term: 20 October 2020 to 20 October 2023

Therese brings strong corporate governance and executive leadership experience to the Board developed through a diverse career working across social and economic portfolios.

She has held leadership roles in government, business and not for profit sectors with extensive experience gained in public policy fields as diverse as education, vocational training, employment, regional development, health, housing, and human services. Therese specialises in stakeholder engagement, and partnership development.

As CEO of Colony 47 she was a strong voice for those experiencing disadvantage and exclusion.

In addition to her current consultancy work, Therese holds directorships on the Boards of The Royal Tasmanian Botanical Gardens and Contemporary Arts Tasmania.

Tracy Matthews BCom FCA FAICD
Non-Executive Director
Chair of the Audit Committee
Original appointment: 25 January 2016
Current term: 29 July 2019 to 28 July 2022 (extended)

Fellow of the Australian Institute of Company Directors
Fellow of the Institute of Chartered Accountants Australia and New Zealand

Tracy is a chartered accountant and non-executive director with experience across a broad range of sectors and industries. Tracy's core skills are in the areas of accounting, governance, audit and risk, funds management, business and strategic planning. She also facilitates governance training courses for the Australian Institute of Company Directors.

Tracy is currently a Non-Executive Director of Forico Pty Ltd and PFG Group Pty Ltd; Independent Chair of the Housing Connect Consortium and Hazell Bros Risk and Audit Committee; and Past Commodore of The Royal Yacht Club of Tasmania.

Michael Dontschuk BSc (Hons), FFTP, GAICD
Non-Executive Director
Chair of the Investment Committee
Original appointment: 4 July 2017
Current term: 6 July 2020 to 6 July 2023

Michael Dontschuk is a finance professional with over 40 years' experience in investment, finance, treasury and financial risk management.

He currently is a professional non-executive director and sits on a number of company boards including Grange Resources Limited, Australia Ratings, Eticore and Public Trustee.

Previously he has been an executive with Grange Resources Limited, Group Treasurer of ANZ Bank, Managing Director of Treasury Corporation Victoria, President and Director of the Finance and Treasury Association of Australia, Manager at Bankers Trust, Director at Motor Accidents Insurance Board (Tasmania) and has worked extensively in corporate financial advisory and investment banking.

Barbara Hingston AM. BA.BSW.MAASW GAICD
Non-Executive Director
Member Audit Committee
Original appointment: 25 January 2016
Current term: 29 July 2019 to 28 July 2022 (extended)

Barbara is a highly experienced professional Non - executive Director; member and Director and Chair of Boards and Committees nationally and in 4 States, including a past Director of the former Tasmanian Health Service Governing Council and Member of the Ministerial Disability Advisory Committee TAS.

She is a director of the not-for-profit disability service provider SCOPE (Aust) Ltd VIC and NSW, where she has Chaired its Risk and Audit Committee; is a Member of its Consumer Experience and Customer Outcomes Committee, and a former member of the Business Development Committee.

Barbara has contemporary governance and management experience in the not for profit and government sectors. She has implemented and governed major organisational transformation, business growth and driven cultural change in sensitive contexts of changing social economic legal and political expectation, also bringing her professional experience in addressing the impact of trauma in the lives of people and their communities to her Board roles.

She is experienced in collaboration and partnership, seeing, and understanding client experience to inform strategy and decision making for Boards and staff in health, social and community settings.

Committed to improving health, environmental and social outcomes for vulnerable individuals and communities her professional roles include those in therapeutic practice, advocacy, and support for people whose lives intersect with multiple trauma and disadvantage - family violence, sexual abuse, disability, homelessness, and mental illness.

Barbara is a Graduate of the Australian Institute of Company Directors (AICD) Member of the Institute of Community Directors Australia (ICDA). Her qualifications include - Bachelor of Arts (Administration, University of Canberra). Bachelor of Social Work (ACU National) and Executive coaching Certification with the Australian Institute of Executive Coaching and Leadership (IECLA).

In 2021 Barbara was Appointed Member of the Order of Australia (AM) for significant service to community, health and to people with disabilities.

Mark Scanlon MBA BBus FCPA FAICD

Former Chairperson and Non-Executive Director

Member of Investment Committee

Member of Audit Committee

Original appointment: 10 October 2016

Current term: 18 November 2019 to 11 March 2022

Positions held previously include Chairman of the Credit and Investments Ombudsman Service Limited, Governing Council member – Tasmanian Health Service (THS) and Chairman of the THS Audit and Risk Committee, Director of the Motor Accidents Insurance Board (MAIB) and Chairman of the MAIB Audit Committee, Director of the Tasmanian Chamber of Commerce and Industry, President of the Launceston Chamber of Commerce, Managing Director of Tasmanian Perpetual Trustees Limited, Managing Director of Tasmanian Banking Services Limited, Joint Chief Executive Officer of MyState Limited and Independent Chairman of the Launceston City Council and Flinders Council Audit Panels.

Mark has over 30 years senior executive experience in a variety of industry sectors including funds management, trustee services, banking, health insurance and general insurance. He has a broad set of skills including strategic planning, leadership, business management, marketing and corporate governance.

Mark graduated with a Bachelor of Business (with distinction) from Victoria University. He has a Master of Business Administration from RMIT University and completed a Harvard Club of Australia Leadership Program.

Mark is a Fellow of CPA Australia and the Australian Institute of Company Directors.

CEO Performance Review

The performance of the CEO is reviewed annually against a performance management plan. The review is conducted by the Chairperson in consultation with the full Board.

As Mr Kennedy commenced as CEO in January 2022, Mr Kennedy's first performance review will be in respect of the period from 17 January 2022 to 30 June 2023.

Code of Conduct

The Board has adopted a Code of Conduct for Directors.

Board Attendance

The number of Board and Committee meetings held in the period each Director held office during the financial year ended 30 June 2022 and the number of meetings attended by each Director is as follows:

	Board Meetings (1)		Audit Committee (1)		Investment (1) Committee	
	Number Held	Number attended	Number held	Number attended	Number held	Number attended
Mark Scanlon**	12	12	3	3	4	4
Barbara Hingston	16	16	4	3	N/A	*5
Tracy Matthews	16	16	4	4	N/A	*5
Michael Dontschuk	15	15	N/A	*4	5	5
Therese Taylor	16	16	N/A	*4	5	5

(1) Number eligible to attend

* Attended by invitation

** Mr Scanlon resigned from the Board 11 March 2022

Disclosure requirements

Directors have the right to seek independent professional advice in relation to matters pertaining to the Public Trustee and their role as 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.

8. Statement of Corporate Intent

This section sets out the Statement of Corporate Intent for the 2021-2022 year, as agreed between the Shareholding Ministers and Public Trustee in July 2021.

Introduction

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

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

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

Strategic Direction

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

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

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

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

- Growing the business by attracting new clients via development of new products, identifying appropriate segments of the market, developing partnerships with businesses and organisations suitable to an identified market
- Continuous improvement and innovation by transforming the efficiency of the business by implementing contemporary business systems and practices; and

- Being a sustainable business by managing for improved profit over time through continual improvement in:
 - Resources
 - Systems; and
 - Client service delivery.

On 29 August 2014, the Treasurer made public that Government Business Enterprises are required to pay 90% of net profits after tax as a dividend each year, unless a business can justify a lower pay-out policy. The Public Trustee has an agreement with Government that a dividend will only become payable should the amount of that dividend exceed the Community Service Obligation funding gap for that year.

9. Key Performance Indicators

The Performance Agreement regarding the key financial and non-financial targets for 2021-22 and estimates for the following three years is detailed in the tables below.

Financial Returns to Government

	Target	Estimates		
	2021-22	2022-23	2023-24	2024-25
Dividends Paid (\$ '000)	-	-	-	-
Tax Equivalents Paid/(Refund) (\$ '000)	(34)	38	33	24
Total	(34)	38	33	24

Financial Targets

	Target	Estimates		
	2021-22	2022-23	2023-24	2024-25
Operating Expenditure (\$'000)	9,176	9,152	9,406	9,682
Operating Profit/(Loss) After Tax (\$'000)	(266)	(117)	(128)	(151)
Total Comprehensive Income (\$'000)	(90)	99	88	65
Capital Expenditure (\$ '000)	425	100	100	100
Operating Margin	0.94	0.98	0.98	0.98
Return on Assets (%)	-1.4%	-0.6%	-0.7%	-0.8%
Return on Equity (%)	-0.9%	-0.9%	-0.8%	0.6%
Capital Adequacy (%)	29.3%	30.2%	31.1%	31.6%

Definitions

Operating Profit Before Tax means operating revenue less operating expenditure.

Comprehensive income includes re-measurement of defined benefit obligation and fair value movements in investments in managed funds (net of related tax)

Total comprehensive income means operating profit for the year after tax + Comprehensive income.

Operating Margin means operating revenue / operating expenditure.

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

Return on Equity means Total comprehensive income/[(Opening Equity + Closing Equity)/2].

Capital Adequacy means Tangible Reserves / Tangible Assets.

Key Non-Financial Performance Indicators

	Target	Estimates		
	2021-22	2022-23	2023-24	2024-25
Number of total new wills written	1,800	2,000	2,000	2,000
Beneficiary survey results (overall satisfaction rating)	90%	95%	95%	95%
Will client survey results (overall satisfaction rating)	100%	100%	100%	100%

Community Service Obligations

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

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

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

The Public Trustee has entered into a Community Service Obligation Agreement for three years effective from 1 July 2017 to 30 June 2020. A deed of variation and extension has been agreed with Treasury for a further 12 months to 30 June 2022. A summary of the maximum funding amounts set out in the new agreement is set out as follows:

CSO Funding	Target 2021-22	Estimates		
		2022-23	2023-24	2024-25
Community Service Obligations (\$ '000)	2,212	2,265	2,316	2,367

10. Performance against Statement of Corporate Intent

The Statement of Corporate Intent sets out the key financial and non-financial targets for 2021-22. The actual performance against these targets is shown below.

Financial Returns to Government

	Target 2021-22	Actual 2021-22
Dividends Paid (\$ '000)	-	-
Tax Equivalents Paid / (Refund) (\$ '000)	(34)	311
Total	(34)	311

Financial Targets

	Target 2021-22	Actual 2021-22
Operating Expenditure (\$ '000)	9,176	8,766
Operating Profit After Tax (\$'000)	(266)	(274)
Total Comprehensive Income / (Loss) (\$000)	(90)	(260)
Capital Expenditure (\$ '000)	425	108
Operating Margin	0.94	0.97
Return on Assets (%)	-1.4%	-1.1%
Return on Equity (%)	-0.9%	-2.4%
Capital Adequacy (%)	29.3%	37.6%

Non-Financial Targets

	Target	Actual
	2021-22	2021-22
Number of new Wills written	540	120
Number of revised Wills written	630	252
Number of non-executor Wills written / re-written	630	280
Total wills written	1,800	652
Beneficiary survey results (%)	90%	94%
Will client survey results (%)	100%	100%

Capital Structure

The Public Trustee has no corporate borrowings. The equity of the Public Trustee is wholly represented by retained earnings and a fair value reserve.

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 2022 the Public Trustee employed 58.69 (2021: 53.09) staff on a full time equivalent basis.

11. Community Service Obligation

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 2022, matters classified as Community Service Obligations accounted for 58% (2021: 58%) of the matters administered by the Public Trustee. The net avoidable cost to meet these obligations for the 2022 financial year was \$3,611,162 (2021: \$3,494,759).

The Treasurer, as purchasing Minister, enters into an agreement with the Public Trustee to fund the provision of Community Service Obligations. The funding received by the Public Trustee for the 2022 financial year was \$2,212,000 (2021: \$2,163,000).

Community Service Obligation Performance

The Community Service Obligation (CSO) agreement with the Crown for the year ended 30 June 2022 did not require the Public Trustee to report on specified performance indicators. Despite this the Public Trustee continued to monitor a set of key performance indicators related to the delivery of CSO, as set out below.

1 Policy and procedures

Performance indicator: The Public Trustee ensures that its internal policies and procedures comply with all duties and obligations and that staff are operating accordingly. This is assessable through the Public Trustee's regular compliance reviews.

Performance: A summary of compliance activity on CSO clients for the year ended 30 June 2022 is as follows:

	Number of files reviewed by compliance	Files with items of non-compliance raised
July 2021 – June 2022	19	15

Compliance reporting identified as an immediate priority, the on-boarding of, and the communication and consultation with represented persons be reviewed, particularly to consider the individual circumstances of the client. Communication and consultation should be modified to the circumstances that present to ensure the Public Trustee meets the service expected.

2 Monitoring

Performance indicator: The service standards for each category of CSO client are to be measured internally on an ongoing basis using appropriate benchmarks

Performance:

Trusts

Standard	Agreed Benchmark	Final result
	%	%
Initial client contact	90	100
Initial management plan: * determination of client needs	85	100
Annual client contact	95	100
Client contact – Maturing trust	90	97

Estates

Standard	Agreed Benchmark	Final result
	%	%
Initial client contact	90	100
Deceased estate procedures fully explained	85	100
Grant of administration	90	100
Completion of absolute deceased estates	80	100

Represented persons

Standard	Agreed Benchmark	Final result
	%	%
Initial client contact	90	100
Initial management plan: * determination of client needs	85	100
Preparation of Annual Statement and Report - Note 1	95	58
Preparation of Order Review Report	95	100
Client/Support contact	80	95

Note 1 – it is acknowledged that lack of resourcing has contributed to this result

3 Staffing

Performance indicator: The Public Trustee has in place an induction program for new staff members involved in service provision. Further relevant training is provided on an ongoing basis to both new employees and existing employees returning from prolonged absences such as periods of maternity leave or secondment.

Performance: During the reporting period, 11 Trustee Services staff were appointed and have undertaken a specific Client Account Manager (CAM) Induction Program. This program follows the generic induction program delivered to all new permanent Public Trustee employees. Further, the program provides new CAMs with the specific knowledge and skills required to undertake their role. The duration of the program is approximately six months.

4 Complaints

Performance indicator: The Public Trustee has in place a comprehensive policy and procedure in relation to complaint handling which includes timeframes for resolving complaints.

Performance:

The number of complaints for each category of CSO client was as follows:

Category of CSO client	Number of complaints	Substantiated	Not Substantiated
Absolute estates, continuing trusts & life tenancies	-	-	-
Represented persons	13	9	4
Trusts	1	1	-
Total	14	10	4

12. Financial Statements



ABN 11 223 649 773

Financial Statements 30 June 2022

Auditor's Independence Declaration



Level 8, 144 Macquarie Street, Hobart, Tasmania, 7000
Postal Address GPO Box 851, Hobart, Tasmania, 7001
Phone: 03 6173 0900
Email: admin@audit.tas.gov.au
Web: www.audit.tas.gov.au

8 September 2022

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

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial report of Public Trustee for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely



David Bond
Assistant Auditor-General
Delegate of the Auditor-General

Statement of profit or loss and other comprehensive income for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Continuing operations			
Revenue	4	8,068	8,459
Other income	5	476	504
Total revenue		8,544	8,963
Administrative expenses		(1,933)	(1,709)
Depreciation expense		(708)	(616)
Interest expense		(34)	(46)
Employee benefits expense	6	(5,569)	(5,475)
Finance expense	6	(386)	(395)
Occupancy expenses		(137)	(189)
Total expenses		(8,767)	(8,430)
Profit / (loss) before income tax equivalent		(223)	533
Income tax equivalent expense	7a	(51)	(314)
Profit / (loss) for the year		(274)	219
Other comprehensive income / (loss)			
Items that will never be reclassified to profit or loss:			
Remeasurements of defined benefit liability	18	1,952	566
Related tax	7c	(488)	(198)
		1,464	368
Items that are or may be reclassified to profit or loss:			
Fair value movement in investments in managed funds		(1,932)	2,149
Related tax	7c	482	(559)
		(1,450)	1,590
Other comprehensive income / (loss), net of tax		14	1,958
Total comprehensive income / (loss)		(260)	2,177

The accompanying notes form part of these financial statements.

Statement of financial position

as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Assets			
Current assets			
Cash and cash equivalents	11	1,950	2,507
Trade and other receivables	12	785	758
Prepayments		88	87
Current tax asset		96	-
Total current assets		2,919	3,352
Non-current assets			
Other financial assets	13	16,184	18,127
Deferred tax assets	16	2,727	2,785
Plant and equipment	14	965	1,180
Right of use assets	20	1,234	1,498
Total non-current assets		21,110	23,590
Total assets		24,029	26,942
Liabilities			
Current liabilities			
Trade and other payables	15	540	678
Current tax liabilities		-	215
Lease liabilities	20	432	349
Provisions	17	1,517	1,391
Total current liabilities		2,489	2,633
Non-current liabilities			
Provisions	17	9,907	12,082
Lease liabilities	20	892	1,226
Total non-current liabilities		10,799	13,308
Total liabilities		13,288	15,941
Net assets		10,741	11,001
Equity			
Retained earnings		9,978	8,788
Reserves	19	763	2,213
Total equity		10,741	11,001

The accompanying notes form part of these financial statements.

Statement of changes in equity

for the year ended 30 June 2022

	Note	Fair value reserve \$'000	Retained earnings \$'000	Total \$'000
Balance at 1 July 2020		623	8,309	8,932
Total comprehensive income				
Profit		-	219	219
Other comprehensive income		1,590	368	1,958
Total comprehensive income		1,590	587	2,177
Transactions with owners of the Entity				
Dividends	10	-	(108)	(108)
Total transactions		-	(108)	(108)
Balance at 30 June 2021		2,213	8,788	11,001
Balance at 1 July 2021		2,213	8,788	11,001
Total comprehensive income / (loss)				
Loss		-	(274)	(274)
Other comprehensive income / (loss)		(1,450)	1,464	14
Total comprehensive income / (loss)		(1,450)	1,190	(260)
Transactions with owners of the Entity				
Dividends	10	-	-	-
Total transactions		-	-	-
Balance at 30 June 2022		763	9,978	10,741

The accompanying notes form part of these financial statements.

Statement of cash flows

for the year ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
Cash flows from operating activities			
Receipts from clients		8,383	8,940
Payments to suppliers and employees		(8,584)	(7,917)
Interest received		-	1
Rent Income		8	4
Income tax equivalent paid		(311)	(260)
Net cash (used in) / provided by operating activities	21	<u>(504)</u>	<u>768</u>
Cash flows from investing activities			
Investments – placed		-	(3,430)
Distributions from financial assets		462	1,067
Purchase of plant and equipment		(108)	(295)
Net cash provided by / (used in) investing activities		<u>354</u>	<u>(2,658)</u>
Cash flows from financing activities			
Lease payments		(373)	(296)
Interest Payments		(34)	(46)
Dividends paid		-	(108)
Net cash used in financing activities		<u>(407)</u>	<u>(450)</u>
Net decrease in cash held		(557)	(2,340)
Cash and cash equivalents at the beginning of year	11	<u>2,507</u>	<u>4,847</u>
Cash and cash equivalents at the end of year	11	<u>1,950</u>	<u>2,507</u>

The accompanying notes form part of these financial statements.

Notes to the financial statements for the year ended 30 June 2022

Note 1. Reporting entity

The Public Trustee ("the entity") is a Tasmanian Government Business Enterprise operating since 1853 offering professional, independent trustee services to the Tasmanian community. Two Acts of Parliament comprise the principal legislation affecting the Public Trustee:

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

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

Note 2. Basis of accounting

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards ("AASBs") adopted by the Australian Accounting Standards Board ("AASB"), the *Government Business Enterprises Act 1995* and related Treasurer's Instructions. The financial statements comply with International Financial Reporting Standards ("IFRS") adopted by the International Accounting Standards Board ("IASB"). They were authorised by the Directors for issue on 9 September 2022. Details of the entity's accounting policies are included in Note 30.

Rounding

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

Note 3. Use of judgements and estimates

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

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

Key estimates

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

- (i) **Impairment - general**
The entity assesses impairment at each reporting period by evaluation of conditions and events specific to the entity that may be indicative of impairment triggers. In the current financial year there were no significant impaired assets identified and written off to profit or loss.
- (ii) **Employee benefits**
Assumptions utilised in the determination of the entity's employee entitlement provisions are discussed in note 30 (f).
- (iii) **Financial instruments**
Assumptions utilised in the determination of the entity's valuation of its investment are discussed in note 26.
- (iv) **Defined benefit superannuation fund obligations**
Actuarial assumptions utilised in the determination of the entity's defined benefit superannuation fund obligations are discussed in note 18.
- (v) **AASB 15 contracts with customers**
At the end of the reporting period, the entity estimates the amount of capital commission earned from estate administrations and makes allowance for income earned but not yet received and income that has been taken in advance. Refer Note 30 (i) for further information.

Notes to the financial statements

for the year ended 30 June 2022

2022	2021
\$'000	\$'000

Note 4. Revenue

Fees and commissions	5,856	6,296
Funding of community service obligations	2,212	2,163
	<u>8,068</u>	<u>8,459</u>

Contracts with Customers – capital commission still to be earned on open estate administrations as at the reporting date totalled \$286,351 (2021: \$187,000). This amount is based on an estimate of the probate value of the estate and the stage of completion of the administration. An estate administration is usually completed within 12 months of the administration date.

Note 5. Other income

Dividends received or receivable from other persons	461	500
Rental income	7	4
Other income	8	-
	<u>476</u>	<u>504</u>

Note 6. Net profit for the year

Profit before income tax includes the following specific expenses:

Expenses

Employee benefits expense		
- wages and salaries	4,776	4,585
- defined benefits superannuation service cost (note 18)	114	110
- long service leave	(67)	80
- recreation leave	(18)	16
- superannuation	438	406
- payroll tax	290	221
- other associated personnel expenses	36	57
	<u>5,569</u>	<u>5,475</u>
Finance expense		
- defined benefits superannuation net interest cost (note 18)	386	395

Notes to the financial statements

for the year ended 30 June 2022

2022	2021
\$'000	\$'000

Note 7. Tax equivalent expense

a. The components of income tax equivalent expense comprise:

Current tax	(73)	230
Deferred tax	124	84
	<u>51</u>	<u>314</u>

b. The prima facie income tax equivalent on profit before income tax is reconciled to income tax equivalent as follows:

Prima facie tax payable on profit before income tax at 25% (2021: 26%)		
- Entity	(56)	139
- Impact of tax rate changes in deferred taxes	107	198
Less tax effect of:		
- available franking credits	-	(16)
- foreign tax offset	-	(7)
Income tax attributable to entity	<u>51</u>	<u>314</u>

c. Tax effects relating to each component of other comprehensive income:

<i>Remeasurement of defined benefit liability</i>		
Before tax amount	1,952	566
Income tax equivalent expense	(488)	(198)
Net-of-tax amount	<u>1,464</u>	<u>368</u>
 <i>Fair value movement in investments in managed funds</i>		
Before tax amount	(1,932)	2,149
Income tax equivalent (expense) / benefit	482	(559)
Net-of-tax amount	<u>(1,450)</u>	<u>1,590</u>

Notes to the financial statements

for the year ended 30 June 2022

Note 8. Key management personnel compensation

The aggregate compensation to key management personnel of the entity is set out below

	Director Remuneration		Senior Management Remuneration		Consolidated	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Short-term employee benefits	160	170	703	799	863	969
Post-employment benefits	15	16	79	80	94	96
Other long-term employee benefits	-	-	41	22	41	22
Termination benefits	-	-	43	-	43	-
	175	186	866	901	1,041	1,087

For Director remuneration, Short term employment benefits includes Director fees, Committee fees and Other benefits. Post-employment benefits represents superannuation contributions.

For Senior Management remuneration, Short-term employment benefits includes Base salary, Short-term incentive payments, vehicles, Other benefits and Other non-monetary benefits. Post employment benefits represents superannuation contributions and Other long-term employee benefits includes leave movements.

(a) Remuneration for the Board of Directors

The following tables disclose the remuneration details for each person that acted as a Director during the current and previous financial year:

2022 Director Remuneration¹

Name	Position	Period	Director Fees \$'000	Committee Fees \$'000	Superannuation ² \$'000	Other Benefits \$'000	Total \$'000
Mr M Scanlon	Chairperson	1/7/2021-11/3/2022 ³	29	4	3	-	36
Ms T Taylor	Chairperson	1/6/2022 – 30/6/2022 ⁴	2	-	-	-	2
Ms T Taylor	Director	1/7/2021 – 31/5/2022 ⁴	25	3	3	-	31
Mr M Dontschuk	Director	Full term	28	4	3	-	35
Ms T Matthews	Director	Full term	28	6	3	-	37
Ms B Hingston	Director	Full term	28	3	3	-	34
Total			140	20	15	-	175

Notes to the financial statements

for the year ended 30 June 2022

2021 Director Remuneration ¹

Name	Position	Period	Director Fees \$'000	Committee Fees \$'000	Superannuation ² \$'000	Other Benefits \$'000	Total \$'000
Mr M Scanlon	Chairperson	Full term	40	6	4	-	50
Ms L Gillam	Director	1/7/2020 – 5/9/2020 ⁵	5	1	1	-	7
Mr M Dontschuk	Director	Full term	28	5	3	-	36
Ms T Matthews	Director	Full term	28	6	3	-	37
Ms B Hingston	Director	Full term	28	3	3	-	34
Ms T Taylor	Director	20/10/2020 – 30/6/2021 ⁶	19	1	2	-	22
			148	22	16	-	186

Board remuneration notes and statements

1 – Amounts are all forms of consideration paid, payable or provided by the entity, i.e. disclosure is made on an accruals basis as at 30 June.

2 – Superannuation means the contribution to the superannuation fund of the individual.

3 – Mr M Scanlon resigned as Chairperson on 11 March 2022.

4 – Ms T Taylor was appointed as Interim Chairperson on 1 June 2022.

5 – Ms L Gillam retired as a Director on 5 September 2020.

6 – Ms T Taylor was appointed a Director on 20 October 2020.

Board remuneration

Non-executive Directors are appointed by the Governor-in-Council on the joint recommendation of the Treasurer and Portfolio Minister. Each instrument of appointment is for a maximum period of three years and prescribes the relevant remuneration provisions. Directors can be reappointed in accordance with the relevant Guidelines for Tasmanian Government Businesses – Board Appointments.

The level of fees paid to non-executive Directors is administered by the Department of Premier and Cabinet. Superannuation is paid at the appropriate rates as prescribed by Superannuation Guarantee Charge legislation. No other leave, termination or retirement benefits are accrued or paid to Directors. Directors are entitled to reimbursement of expenses incurred while attending to Board business. Non-executive Directors' remuneration is reviewed periodically whenever there is an increase in State Service wages with increases subject to approval by the Treasurer and Portfolio Minister.

Notes to the financial statements

for the year ended 30 June 2022

(b) Senior Management remuneration

The following table discloses the remuneration details for each person that acted as Senior Management during the current and previous financial years:

2022 Senior Management remuneration

			Base Salary ¹	Short-Term Incentive Payments ²	Superannuation ³	Vehicles ⁴	Other Monetary Benefits ⁵	Other Non-Monetary Benefits ⁶	Total Remuneration	Termination Benefits ⁷	Other Long-Term Benefits ⁸	Total
Name	Position	Period	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mr D Benbow	CEO	1/7/2021 – 12/8/2021 ⁹	29	-	8	-	2	-	39	43	-	82
Mr T Kennedy	CEO	17/1/2022 – 30/6/2022 ¹⁰	93	-	10	-	7	-	110	-	9	119
Mr G Lucas	Acting CEO	5/8/2021 – 14/1/2022 ¹¹	90	-	9	-	-	-	99	-	-	99
Mr G Lucas	CFO & Company Secretary	1/7/2021 – 4/8/2021 & 15/1/2022 – 30/6/2022	72	-	7	-	-	-	79	-	7	86
Mr S Hart	Acting CFO & Company Secretary	5/8/2021 – 14/1/2022 ¹²	59	-	6	-	-	-	65	-	-	65
Ms G Cunningham	General Manager	Full year	134	-	17	-	-	-	151	-	7	158
Mr R Clifford	Trustee Services Manager Risk & Compliance	9/2/2022 – 30/6/2022 ¹³	47	-	5	-	-	-	52	-	7	59
Mr T Levis	Corporate Solicitor	1/7/2021 – 1/11/2021 ¹⁴	49	-	5	-	-	-	54	-	4	58
Ms F Sullivan	Northern Regional Manager	Full year	121	-	12	-	-	-	133	-	7	140
Total			694	-	79	-	9	-	782	43	41	866

Notes to the financial statements

for the year ended 30 June 2022

(b) Senior Management remuneration (continued)

2021 Senior Management remuneration

			Base Salary ¹	Short-Term Incentive Payments ²	Superannuation ³	Vehicles ⁴	Other Monetary Benefits ⁵	Other Non-Monetary Benefits ⁶	Total Remuneration	Termination Benefits ⁷	Other Long-Term Benefits ⁸	Total
Name	Position	Period	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Mr D Benbow	CEO	Full year	209	-	21	-	16	-	246	-	5	251
Mr G Lucas	CFO & Company Secretary	Full year	133	-	13	-	-	-	146	-	7	153
Ms G Cunningham	General Manager Trustee Services	Full year	131	-	17	7	-	-	155	-	6	161
Mr R Clifford	Manager Risk & Compliance	1 Jul 2020 to 7 Dec 2020 ¹³	49	-	5	-	-	-	54	-	4	58
Mr T Levis	Corporate Solicitor	Full year	138	-	13	-	-	-	151	-	(4)	147
Ms F Sullivan	Northern Regional Manager	Full year	116	-	11	-	-	-	127	-	4	131
Total			776	-	80	7	16	-	879	-	22	901

Notes to the financial statements

for the year ended 30 June 2022

(b) Senior Management remuneration (continued)

Senior Management remuneration notes and statements

Amounts are all forms of consideration paid, payable or provided by the entity, i.e., disclosure is made on an accruals basis and includes all accrued benefits at 30 June.

- 1- Base salary includes all forms of consideration paid and payable for services rendered, compensated absences during the period and salary sacrifice amounts.
- 2- The Public Trustee does not make short-term incentive payments to staff.
- 3- Superannuation means the contribution to the nominated superannuation fund of the individual. Superannuation benefits for members of a defined benefit scheme were calculated using a notional cost based on 12.95% of base salary.
- 4- The personal use component of the total cost of providing and maintaining a vehicle for a Senior Manager's use, including registration, insurance, fuel and other consumables, maintenance cost and parking (i.e. the notional value of parking provided at premises that are owned or leased) and the reportable fringe benefits amount referable to a vehicle.
- 5- Other monetary benefits includes all other forms of employment allowances (excludes reimbursements such as travel, accommodation or meals), payments in lieu of leave, and any other compensation paid and payable to Senior Managers, either directly or indirectly. The Chief Executive Officer was paid an allowance in lieu of a fully maintained motor vehicle.
- 6- There were no other Non-Monetary benefits during FY2022.
- 7- Termination benefits include all forms of benefit paid or accrued as a consequence of termination.
- 8- Other long-term benefits are annual and long service leave movements.
- 9- Mr Benbow retired as Chief Executive Officer on 12 August 2021.
- 10- Mr Kennedy was appointed Chief Executive Officer on 17 January 2022.
- 11- Mr Lucas was appointed acting Chief Executive Officer on 5 August 2021 until 14 January 2022.
- 12- Mr Hart was appointed acting Chief Financial Officer and Company Secretary on 5 August 2021 until 14 January 2022.
- 13- Mr Clifford stepped down from the Senior Leadership Group 7 December 2020 and returned on 9 February 2022.
- 14- Mr Levis stepped down from the Senior Leadership Group on 1 November 2021.

Senior Management remuneration

The employment terms and conditions of the Chief Executive Officer are contained in an individual Instrument of Appointment which prescribes total remuneration, superannuation, annual and long service leave, motor vehicle and salary sacrifice provisions. The Corporate Solicitor is remunerated pursuant to the Legal Practitioners Agreement. The other Senior Managers are remunerated pursuant to the State Service Award.

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

The performance of each Senior Manager, including the Chief Executive Officer, is reviewed annually.

The terms of employment of the Chief Executive Officer contains a termination clause that requires the Chief Executive Officer to provide a minimum three (3) month notice. The Premier may terminate the appointment of the Chief Executive Officer by given notice of up to five weeks. Instruments of Appointment have durations not exceeding five years.

No key management personnel appointed during the period received a payment as part of his or her consideration for agreeing to hold the position.

(c) Overseas travel

There was no overseas travel undertaken on behalf of the entity during the year by the Chairperson, Directors or staff.

Notes to the financial statements

for the year ended 30 June 2022

2022	2021
\$	\$

Note 9. Auditor's remuneration

Remuneration of the auditor for:

- auditing the financial statements

<u>33,930</u>	<u>32,710</u>
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2022	2021
\$'000	\$'000

Note 10. Dividends

Declared and paid

<u>-</u>	<u>108</u>
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The entity pays dividends in accordance with its statutory requirements as determined under Part 11 Division 2 of the *Government Business Enterprises Act 1995*.

On the 29th August 2014, the Treasurer made public that Government Business Enterprises are required to pay 90% of net profits after tax as a dividend each year, unless a business can justify a lower pay-out policy. The entity has an agreement with Government that a dividend will only become payable should the amount of that dividend exceed the Community Service Obligation funding gap for that year.

On 29 July 2022, the Board of Public Trustee has recommended to the Shareholding Ministers that no dividend is payable in respect of the year ended 30 June 2022 (2021: \$Nil).

Notes to the financial statements

for the year ended 30 June 2022

2022
\$'000

2021
\$'000

Note 11. Cash and cash equivalents

Short term bank deposits

	1,950	2,507
	1,950	2,507

The effective interest rate on short-term bank deposits was 0.0% (2021: between 0.0% and 0.09%).

Reconciliation of cash

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

Cash and cash equivalents

	1,950	2,507
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In its capacity as trustee and financial administrator, the entity holds funds on behalf of clients that are not available for use by the entity. Details of the cash held under management and trusteeship have been included at note 27. As at 30 June 2022 cash or cash equivalent assets disclosed above are not restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Reconciliation of liabilities arising from financing activities:

Liabilities	Closing Balance 2021 \$'000	Non-Cash Changes			Cash Flows		Closing Balance 2022 \$'000
		Dividend Declared \$'000	Recognition and/or Adjustment of Liability	Interest Expense	Lease Payments	Cash Payments \$'000	
Lease Liabilities	(1,575)	-	(122)	(34)	407	-	(1,324)
Total	(1,575)	-	(122)	(34)	407	-	(1,324)

Liabilities	Closing Balance 2020 \$'000	Non-Cash Changes			Cash Flows		Closing Balance 2021 \$'000
		Dividend Declared \$'000	Recognition and/or Adjustment of Liability	Interest Expense	Lease Payments	Cash Payments \$'000	
Dividends Payable	-	(108)	-	-	-	108	-
Lease Liabilities	(1,488)	-	(384)	(46)	343	-	(1,575)
Total	(1,488)	(108)	(384)	(46)	343	108	(1,575)

Note 12. Trade and other receivables

Current

Contract with customers receivable
Other receivables

	2022 \$'000	2021 \$'000
	286	187
	499	571
	785	758

Credit risk

The entity has no trade receivables therefore no significant concentration of credit risk with respect of any single counterparty or group of counterparties. Other receivable amounts relate to accrued revenue and distributions receivable from investment in unlisted managed funds. Contract with customers receivable represent amounts earned on estate administrations but not yet charged to client accounts.

Notes to the financial statements

for the year ended 30 June 2022

2022	2021
\$'000	\$'000

Note 13. Other financial assets

Non-current

Investments in managed funds at fair value through other comprehensive income.

16,184	18,127
16,184	18,127

The entity classifies its investments in managed funds at fair value through other comprehensive income. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any investments in managed funds assets existed at 30 June 2022.

Note 14. Plant and equipment

Plant and equipment

Leasehold improvements at cost

Accumulated depreciation

1,417	1,379
(789)	(647)
628	732

Fixtures, furniture and equipment at cost

Accumulated depreciation

1,538	1,376
(1,223)	(1,151)
315	225

Client Management System at cost

Accumulated depreciation

439	439
(417)	(327)
22	112

Capital works in progress

-	111
-	111
965	1,180

Movement in carrying amounts

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

Leasehold improvements

Balance at 1 July

Additions

Reclassifications

Depreciation expense

Balance at 30 June ¹

732	671
14	-
25	186
(143)	(125)
628	732

1- Nil assets were retired in 2022 (2021: \$179,000 of fully depreciated, redundant assets were retired).

Fixtures, furniture and equipment

Balance at 1 July

Additions

Reclassifications

Depreciation expense

Balance at 30 June ²

225	228
96	10
85	51
(91)	(64)
315	225

2 - \$18,559 of fully depreciated, redundant assets were retired in 2022 (2021: \$103,000)

Notes to the financial statements

for the year ended 30 June 2022

	2022 \$'000	2021 \$'000
Client Management System		
Balance at 1 July	112	180
Reclassifications	-	21
Depreciation expense	(90)	(89)
Balance at 30 June	<u>22</u>	<u>112</u>
Capital works in progress		
Balance at 1 July	111	99
Additions	3	285
Asset write-offs	(4)	(15)
Reclassification	(110)	(258)
Balance at 30 June	<u>-</u>	<u>111</u>

Note 15. Trade and other payables

Current

Trade payables	170	316
Sundry payables and accrued expenses	370	362
	<u>540</u>	<u>678</u>

Note 16. Deferred tax asset

Non-Current

Deferred tax assets		
Balance at 1 July	2,785	3,628
Provisions – employee benefits	(649)	(318)
Fixed Assets	(13)	70
Other expenses	3	(14)
Revenue	(22)	(26)
Prepayments	(1)	(13)
Lease liabilities	(79)	-
Change in value of managed funds	549	(551)
Right of use assets	81	9
Carry-forward tax losses	73	-
Balance at 30 June	<u>2,727</u>	<u>2,785</u>

Note 17. Provisions

Analysis of total provisions

Current

Losses	10	-
Recreation leave	345	336
Long service leave	472	475
Defined benefits obligation	690	580
Total current	<u>1,517</u>	<u>1,391</u>

Non-Current

Long service leave	152	277
Defined benefits obligation	9,755	11,805
Total non-current	<u>9,907</u>	<u>12,082</u>
Total Provisions	<u>11,424</u>	<u>13,473</u>

Notes to the financial statements

for the year ended 30 June 2022

	2022	2021
	\$'000	\$'000
Losses		
Balance at 1 July	-	-
Additional provisions	25	34
Amounts used	(15)	(34)
Balance at 30 June	<u>10</u>	<u>-</u>
Employee benefits		
Balance at 1 July	13,473	13,894
Additional provisions	442	512
Amounts used	(550)	(481)
Provision - defined benefit obligation	(1,952)	(452)
Balance at 30 June	<u>11,413</u>	<u>13,473</u>

Provision for long term employee benefits

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

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

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

In calculating the present value of future cash flows in respect of long service leave, the probability of long service leave being taken is based on historical data. The measurement and recognition criteria relating to employee benefits have been discussed in Note 30(f).

Notes to the financial statements

for the year ended 30 June 2022

Note 18. Retirement benefit obligations

Fund information

The Retirement Benefits Fund ("RBF") is a defined benefit fund in which members receive lump sum or pension benefits on retirement, death, invalidity or upon reaching preservation age after resignation. The defined benefit section of RBF is closed to new members.

Regulatory Framework

The Scheme operates under the *Public Sector Superannuation Reform Act 2016* and the *Public Sector Superannuation Reform Regulations 2017*. Although the Scheme is not formally subject to the Superannuation Industry (Supervision) (SIS) legislation, the Tasmanian Government has undertaken (in a Heads of Government Agreement) to operate the scheme in accordance with the SIS legislation as far as practicable. As an exempt public sector superannuation scheme (as defined in the SIS legislation), the Scheme is not subject to any minimum funding requirements.

RBF is a complying superannuation fund within the provisions of the *Income Tax Assessment Act 1997* such that the fund's taxable income is taxed at a concessional rate of 15%. However, RBF is also a public sector superannuation scheme which means that employer contributions may not be subject to the 15% tax (if the Tasmanian Government and RBF elect) up to the amount of "untaxed" benefits paid to members in the year.

The Superannuation Commission (the Commission) has fiduciary responsibility for, and oversees the administration of, the Scheme. The day to day running of the Scheme is managed by the Office of the Superannuation Commission, within the Department of Treasury and Finance.

Description of risks

There are a number of risks to which the Scheme exposes the Public Trustee. The more significant risks relating to the defined benefits are;

Investment Risk – The risk is that investment returns will be lower than assumed and employers will need to increase contributions to offset this shortfall over the long term.

Salary growth risk – The risk is that wages or salaries (on which future benefit amounts will be based) will rise more rapidly than assumed, increasing defined benefit amounts and the associated employer contributions over the long term.

Inflation risk – The risk is that inflation is higher than anticipated, increasing pension payments and the associated employer contributions over the long term.

Benefit options risk – The risk is that a greater proportion of members who joined prior to 1 July 1994 will elect the pension option, which is generally more costly than the alternative lump sum option.

Pensioner mortality risk – The risk is that a pensioner mortality will be lighter than expected, resulting in pensions being paid for a longer period.

Legislative risk – The risk is that legislative changes could be made which increase the cost of providing the defined benefits.

Description of significant events

During the year the *Public Sector Superannuation Reform Regulations 2017* were amended, but these amendments did not materially affect the defined benefits payable under the Scheme. There were no curtailments or settlements during the year.

Notes to the financial statements

for the year ended 30 June 2022

Reconciliation of the defined benefit obligation	2022	2021
	\$'000	\$'000
Present value of defined benefit obligations at the beginning of the year	15,144	15,305
Current service cost	114	110
Interest cost	472	470
Contributions by plan participants	34	33
Actuarial gains	(2,074)	(230)
Benefits paid	(656)	(544)
Taxes, premiums and expenses paid	(1)	-
Present value of defined benefit obligations at the end of the year	13,033	15,144
Reconciliation of the fair value of scheme assets		
Fair value of plan assets at the beginning of the year	2,759	2,468
Interest income	86	75
Actual return on plan assets less interest income	(123)	337
Employer contributions	489	390
Contributions by plan participants	34	33
Benefit paid	(656)	(544)
Taxes, premiums and expenses paid	(1)	-
Fair value of plan assets at the end of the year	2,588	2,759
Reconciliation of the net defined benefit liability		
Defined benefit obligation	13,033	15,144
Fair value of plan assets	(2,588)	(2,759)
Net defined benefit liability	10,445	12,385
Current net liability	690	580
Non-current net liability	9,755	11,805
	10,445	12,385
Reconciliation of the Effect of the Asset Ceiling		
The asset ceiling has no impact on the net defined benefit liability.		
Expense recognised in the statement of comprehensive income		
Service cost	114	110
Interest cost	472	470
	586	580
Amounts recognised in other comprehensive income		
Actuarial gains / (losses)	1,952	566
Cumulative amount recognised in other comprehensive income		
Cumulative amount of actuarial (gains) / losses at end of prior year	3,405	3,971
Actuarial (gains) / losses recognised during the year	(1,952)	(566)
Cumulative amount of actuarial (gains) / losses at end of year	1,453	3,405

Notes to the financial statements

for the year ended 30 June 2022

Fair Value of scheme assets as at 30 June 2022 [^]

Asset category	Total (\$'000)	Quoted prices in active markets for identical assets - Level 1 (\$,000)	Significant observable inputs – Level 2 (\$,000)	Unobservable inputs – Level 3 (\$,000)
Cash Deposits	-	-	-	-
Australian equities	450	-	450	-
International equities	546	-	546	-
Infrastructure	333	-	85	248
Diversified fixed interest	578	-	578	-
Property	484	-	44	440
Alternative Investments	197	-	197	-
Total	2,588	-	1,900	688

[^] Estimated based on assets allocated to Public Trustee as at 30 June 2022 and asset allocation of the RBF Scheme as at 30 June 2021.

Fair value of the entity's own financial instruments

The fair value of Scheme assets includes no amounts relating to:

- any of the Public Trustee's own financial instruments, and
- any property occupied by, or other assets used by, the Public Trustee.

Assets are not held separately for each reporting entity but are held for the Fund as a whole. The fair value of the Scheme assets for each reporting entity was estimated by allocating the total Fund assets in proportion to the value of the entity's funded liabilities, calculated using assumptions, with the exception of the discount rate. For the purposes of allocating assets to each reporting entity, the Government Bond yield of 3.85% has been used, in order to be consistent with the allocation of assets reported to the Department of Treasury and Finance.

Significant actuarial assumptions at the reporting date

	30 June 2022	30 June 2021
Discount rate (active member and pensioners)	3.20% pa	3.15% pa
Expected rate of increase in compulsory preserved amounts	3.00% pa	3.00% pa
Expected salary increase rate	3.00% pa	3.00% pa
Expected pension increase rate	2.25% pa	2.25% pa

Assumptions to determine end of year defined benefit obligation:

Discount rate (active member and pensioners)	5.35% pa	3.20% pa
Expected rate of increase in compulsory preserved amounts ¹	5.50% pa	3.00% pa
Expected salary increase rate	3.50% pa	3.00% pa
Expected pension increase rate ²	5.50% pa	2.25% pa

¹ - 5.5% for 2022/23 and then 3.50% per annum.

² - 5.5% for 2022/23, 3.25% for 2023/24 and then 2.50% per annum.

Sensitivity analysis

The defined benefit obligation as at 30 June 2022 under several scenarios is presented below.

Scenario A and B relate to discount rate sensitivity. Scenario C and D relate to expected pension increase rate sensitivity.

	Base case	Scenario A	Scenario B	Scenario C	Scenario D
		-1.0% pa discount rate	+1.0% pa discount rate	-1.0% pa pension increase rate	+1.0% pa pension increase rate
Discount rate	5.35% pa	4.35% pa	6.35% pa	5.35% pa	5.35% pa
Pension increase rate	2.50% pa	2.50% pa	2.50% pa	1.50% pa	3.50% pa
Defined benefit obligation (\$'000)	13,033	14,403	11,833	12,059	14,172

The defined benefit obligation has been recalculated by changing the assumptions as outlined above, whilst retaining all other assumptions.

The pension increase assumptions in the above table are long term pension increase assumptions. Higher rates are assumed for the next two years. In Scenarios C & D, both the short term and long term assumptions have been adjusted.

Notes to the financial statements for the year ended 30 June 2022

Asset-Liability matching strategies

We are not aware of any asset and liability matching strategies adopted by the Fund.

Funding arrangements

The employer contributes a percentage of each lump sum or pension benefit payment. This percentage may be amended by the Minister on the advice of the Actuary.

Expected contributions

Financial Year Ending

30 June

2023

\$'000

Expected employer contributions

690

Maturity profile of defined benefit obligation

The weighted average duration of the defined benefit obligation for the Public Trustee is 10.1 years.

Notes to the financial statements

for the year ended 30 June 2022

2022	2021
\$'000	\$'000

Note 19. Reserves

Fair value reserve

Balance at beginning of year	2,213	623
Fair value movement in investments in managed funds (net of related tax)	<u>(1,450)</u>	<u>1,590</u>
Balance at end of the year	<u>763</u>	<u>2,213</u>

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

Note 20. Right of Use Assets and Lease Liabilities

a. Right of use assets

2022	Property \$'000	Vehicles \$'000	Total \$'000
Balance at 1 July 2021	1,485	13	1,498
Asset revaluation	120	(3)	117
Depreciation charge for the year	<u>(375)</u>	<u>(6)</u>	<u>(381)</u>
Balance at 30 June 2022	<u>1,230</u>	<u>4</u>	<u>1,234</u>

-The Hobart Office and the motor vehicle lease payments were revised during the year ended 30 June 2022 and the corresponding right of use asset revalued.

In contracts where the Public Trustee is a lessee the Public Trustee will recognise a right of use asset and a lease liability at the commencement date of the lease, unless the short term or low value exemption applies, refer to note 20(b) for details on accounting policy of lease liabilities.

A right of use asset is initially measured at cost comprising the initial measurement of the lease liability adjusted for any lease payments made before the commencement date (reduced by lease incentives received), plus initial direct costs incurred in obtaining the lease and an estimate of costs to be incurred in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right of use assets are depreciated over the shorter period of the lease term and useful life of the underlying asset.

2021	Property \$'000	Vehicles \$'000	Total \$'000
Balance at 1 July 2020	1,442	5	1,447
Additions	348	14	362
Asset revaluation	27	-	27
Depreciation charge for the year	<u>(332)</u>	<u>(6)</u>	<u>(338)</u>
Balance at 30 June 2021	<u>1,485</u>	<u>13</u>	<u>1,498</u>

-The Devonport Office lease commenced on 1 July 2020 and was added as a right of use asset during the year ended 30 June 2021 (\$347k).

-The Launceston and Hobart Office lease payments were revised during the year ended 30 June 2021 and the corresponding right of use asset revalued.

-Four motor vehicle leases expired during the year ended 30 June 2021 with three of four vehicles being returned in December 2020 and the fourth vehicle being returned in April 2021.

- There was an additional motor vehicle lease entered into in May 2021 with a corresponding asset added to right of use assets as required by AASB16.

Notes to the financial statements for the year ended 30 June 2022

b. Lease Liabilities

	2022 \$'000	2021 \$'000
Lease liabilities included in the statement of financial position at 30 June		
Current	432	349
Non-Current	892	1,226
	1,324	1,575

Maturity Analysis – contractual undiscounted cash flows

Less than one year	432	381
One to five years	831	1,179
More than five years	133	133
Total undiscounted lease liabilities at 30 June	1,396	1,693

The lease for the Hobart office commenced on 1 January 2014. It is a fixed term lease for seven (7) years and nine (9) months. It expired on 1 October 2021. Rent is payable monthly in advance. The contract provides for rental increases at a rate of 3% per annum and an option to renew for a term of a further three years. In January 2021 the Public Trustee exercised the option to extend the lease for a period of three years to September 2024.

The lease for the Launceston office commenced on 1 January 2019. It is a fixed term lease for five (5) years and two (2) months. It expires on the 29 February 2024. The contract provides for rental increases at a rate of 3% per annum with two (2) options to renew for terms of three years respectively.

The lease for the Devonport office commenced on 1 July 2020. It is a fixed term lease for five (5) years. It expires on 30 June 2025. The contract provides for rental increases at a rate of 3% per annum with two (2) options to renew for terms of five (5) years respectively.

The motor vehicle lease commenced on 27 April 2021. It is a fixed term lease for three (3) years.

The lease liability is measured at the present value of outstanding payments that are not paid at balance date, discounted by using the rate implicit in the lease. Where this cannot be readily determined then the Public Trustee will use an incremental borrowing rate for a similar term where a similar security is used. The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest rate method) and by reducing the carrying amount to reflect the lease payments made.

Short term leases and leases of low value assets

The Public Trustee has elected not to recognise right of use assets and lease liabilities for short term leases (leases with a term of less than 12 months) or low value assets (the value of the leased asset is less than \$10,000). The lease payments associated with these leases are treated as an expense.

c. Amounts recognised in profit or loss

	2022 \$'000	2021 \$'000
Interest on lease liabilities	34	46

d. Amounts recognised in the statement of cash flows

Total cash outflow for leases	407	342
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Notes to the financial statements for the year ended 30 June 2022

Note 21. Cash flow information

a. Reconciliation of cash flows from operations with profit after income tax	2022	2021
	\$'000	\$'000
Profit / (loss) after income tax before other comprehensive income	(274)	219
Non-cash flows in profit / (loss):		
Depreciation	708	616
Distribution income treated as investing activities	(461)	(499)
Lease Interest Payments	34	46
Changes in assets and liabilities:		
(Increase) / decrease in trade and other receivables	(5)	642
(Increase) in prepayments	(1)	(35)
Decrease in deferred tax assets	51	87
Increase in trade and other payables	(137)	147
(Decrease)/ Increase in provisions	(108)	(422)
(Increase) in tax assets	(311)	(33)
Cash flows used in operations	<u>(504)</u>	<u>768</u>

Note 22. Contingent liabilities and contingent assets

The entity had no other contingent liabilities and no contingent assets at the end of the reporting period (2021: nil).

Note 23. Events after the reporting period

There were no other matters that have occurred after balance date requiring disclosure.

Note 24. Operating segments

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

Note 25. Related party transactions

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

Key management personnel

Any person(s) having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity, is considered key management personnel. For details of disclosures relating to key management personnel, refer to note 8: Key management personnel compensation.

Other related parties

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

b. Transactions with related parties

There were no related party transactions during the year ended 30 June 2022.

Notes to the financial statements

for the year ended 30 June 2022

Note 26. Financial risk management

The entity's financial instruments consist mainly of deposits with banks, investments in unlisted managed funds and trade and other receivables / payables.

The totals for each category of financial instruments are as follows.

	2022 \$'000	2021 \$'000
Financial assets		
Cash and cash equivalents	1,950	2,507
Trade and other receivables	785	758
Other financial assets	<u>16,184</u>	<u>18,127</u>
	<u>18,919</u>	<u>21,392</u>
Financial liabilities		
Trade and other payables	540	678
Lease liabilities	<u>1,324</u>	<u>1,575</u>
	<u>1,864</u>	<u>2,253</u>

Financial risk management policies

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

Specific financial risk exposure and management

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

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

a. Credit risk

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

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

The entity minimizes the risks associated with the investment of its corporate funds by investing strictly in accordance with its Corporate Funds Investment Policy which complies with the Treasurer's Instruction GBE 07-44-01. The policy is monitored regularly and reviewed on an annual basis by the Directors.

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

Credit risk exposures

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

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

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

Notes to the financial statements

for the year ended 30 June 2022

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

	2022 \$'000	2021 Re-stated \$'000
Cash and cash equivalents		
- S&P AA-	910	1,388
- S&P A	160	-
- Moodys A3	499	677
- S&P BBB+	80	-
- Moodys Baa2	120	240
- S&P BBB	181	202
	<u>1,950</u>	<u>2,507</u>
Financial assets		
- Unrated	<u>16,184</u>	<u>18,127</u>

b. Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Financial liabilities due for payment						
Trade and other payables	(540)	(678)	-	-	(540)	(678)
Lease Liabilities	(432)	(349)	(892)	(1,226)	(1,324)	(1,575)
Total expected outflows	<u>(972)</u>	<u>(1,027)</u>	<u>(892)</u>	<u>(1,226)</u>	<u>(1,864)</u>	<u>(2,253)</u>
Financial assets – cash flow realisable						
Cash and cash equivalents	1,950	2,507	-	-	1,950	2,507
Trade and other receivables	785	758	-	-	785	758
Financial assets	-	-	16,184	18,127	16,184	18,127
Total anticipated inflows	<u>2,735</u>	<u>3,265</u>	<u>16,184</u>	<u>18,127</u>	<u>18,919</u>	<u>21,392</u>
Net inflow on financial instruments	<u>1,763</u>	<u>2,238</u>	<u>15,292</u>	<u>16,901</u>	<u>17,055</u>	<u>19,139</u>

c. Market risk

Interest rate risk

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

Notes to the financial statements

for the year ended 30 June 2022

Price risk

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

d. Sensitivity analysis

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

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

	Profit \$'000	Equity \$'000
Year ended 30 June 2022		
+/- 100 bps in interest rates	20	14
+/- 100 bps in investments	162	121
Year ended 30 June 2021		
+/- 500 bps in interest rates	98	73
+/- 500 bps in investments	809	607

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

e. Net fair values

(i) Fair value estimation

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

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

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

(ii) Financial instruments measured at fair value

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

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

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2022				
Financial assets				
Investments in unlisted managed funds	-	16,184	-	16,184
2021				
Financial assets				
Investments in unlisted managed funds	-	18,127	-	18,127

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

Notes to the financial statements

for the year ended 30 June 2022

Note 27. Client assets under management and trusteeship

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

	Common Fund \$'000	No. 2 Fund \$'000	Total '000
2022			
Net assets			
Cash	6,662	(10)	6,652
Term deposits	66,500	-	66,500
Receivables	151	1,907	2,058
Financial assets	-	84,544	84,544
Payables	(67)	(2,516)	(2,583)
	<u>73,246</u>	<u>83,925</u>	<u>157,171</u>
Equity			
Client funds	71,296	83,925	155,221
Entity funds	1,950	-	1,950
	<u>73,246</u>	<u>83,925</u>	<u>157,171</u>
2021			
Net assets			
Cash	17,964	1,270	19,234
Term deposits	54,200	-	54,200
Receivables	79	2,036	2,115
Financial assets	-	96,368	96,368
Payables	(29)	(6,846)	(6,875)
	<u>72,214</u>	<u>92,828</u>	<u>165,042</u>
Equity			
Client funds	69,707	92,828	162,535
Entity funds	2,507	-	2,507
	<u>72,214</u>	<u>92,828</u>	<u>165,042</u>

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

Notes to the financial statements

for the year ended 30 June 2022

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

	Common Fund \$'000	No. 2 Fund \$'000	Total \$'000
2022			
Fund value			
Balance at 1 July	72,214	92,828	165,042
Applications	122,011	9,870	131,881
Redemptions	(120,979)	(8,833)	(129,812)
Net profit	13	(7,712)	(7,699)
Distributions	(13)	(2,228)	(2,241)
Balance at 30 June	<u>73,246</u>	<u>83,925</u>	<u>157,171</u>
2021			
Fund value			
Balance at 1 July	76,557	78,746	155,303
Applications	112,420	13,128	125,548
Redemptions	(116,763)	(6,720)	(123,483)
Net profit	11	14,338	14,349
Distributions	(11)	(6,664)	(6,675)
Balance at 30 June	<u>72,214</u>	<u>92,828</u>	<u>165,042</u>

Note 28. Economic dependency

The entity is reliant on the funding received from the Tasmanian Government in respect of the Community Service Obligations (CSO) performed by the entity.

The amount of CSO funding received by the entity during the year ended 30 June 2022 was \$2,212,000 (2021: \$2,163,000).

The Tasmanian Government's 2022-2023 State Budget provides \$4.3 million over four years to implement the Independent Review's recommendations and a further \$4.3 million to meet the costs associated with the delivery of the Public Trustee Community Service Obligation.

Note 29. Basis of measurement

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

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

Notes to the financial statements for the year ended 30 June 2022

Note 30. Significant accounting policies

The entity has consistently applied the following accounting policies to all periods presented in these financial statements.

a. Income tax equivalent

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

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

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

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

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

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

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

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

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where: (a) a legally enforceable right of set-off exists; and

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

b. Plant and equipment

Each class of plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

(i) Plant and equipment

Plant and equipment are measured on the cost basis and are therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised either in profit or loss or as a revaluation decrease if the impairment losses relate to a revalued asset. A formal assessment of recoverable amount is made when impairment indicators are present (refer to Note 30 (e) for details of impairment).

(ii) Depreciation

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

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

<i>Class of Fixed Asset</i>	<i>Depreciation Rate</i>
Leasehold improvements	10%
Fixtures, furniture and equipment	10% to 40%
Client Management System	20%
Right of Use Assets – Office	10% to 20%

Notes to the financial statements

for the year ended 30 June 2022

Right of Use Assets – Vehicles 70% - 90%

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

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

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

c. Leases

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the entity's incremental borrowing rate. Lease payments comprise of fixed payments.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change, including the following: future lease payments arising from a change in an index or a rate used; and lease term. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

The profit and loss impact of leases has been shown through depreciation and interest charges. In the Statement of Cash Flows, lease payments and interest expense have been presented as cash flows from financing activities.

Short-term leases (lease term of 12 months or less) and leases of low-value assets are recognised as a lease expense on a straight-line basis as permitted by AASB 16. The profit and loss impact of these leases has been shown through occupancy costs. These expenses have been presented in the Statement of Cash Flows as operating activities.

d. Financial instruments

(i) Non-derivative financial assets

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

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

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

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

(ii) Financial assets measured at amortised cost

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

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

(iii) Financial assets measured at fair value

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

However, for investments in non-rated managed funds that are not held for trading, the entity may elect at initial recognition to present gains and losses in other comprehensive income. For instruments measured at fair value through other comprehensive income, gains or losses are never classified to profit or loss and no impairments are recognised in profit or loss.

Notes to the financial statements

for the year ended 30 June 2022

Distributions earned from such investments are recognised in profit or loss unless the distribution clearly represents a repayment of part of the cost of the investment.

(iv) Non-derivative financial liabilities

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

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

Financial liabilities comprise trade and other payables.

(v) Impairment

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

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

(vi) De-recognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expire or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or have expired.

The difference between the carrying amount of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

e. Impairment of assets

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

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

f. Employee benefits

(i) Short-term employee benefits

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

(ii) Defined contribution plans

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

(iii) Defined benefits plan

The entity's defined benefits plan is in respect of current and former employees who have defined benefits arising from membership of the contributory section of the Tasmanian Government's Retirement Benefits Fund.

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

Notes to the financial statements

for the year ended 30 June 2022

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

To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income.

The entity determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the corporate bond discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

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

(iv) Other long-term employee benefits

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

g. Provisions

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

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

h. Cash and cash equivalents

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

i. Revenue and other income

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

(i) Commissions

Commissions revenue is recognised as the relevant administration transactions occur.

(ii) Fees

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

(iii) Funding of Community Service Obligations (CSO)

CSO funding revenue is recognised as the CSOs are performed.

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

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

(vi) Capital Commission from estate administration is accrued based on the stage of completion of the estate. Other commission revenue is recognised as the relevant administration transactions occur.

j. Trade and other payables

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

k. Goods and Services Tax (GST)

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

Notes to the financial statements

for the year ended 30 June 2022

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

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

I. Comparative figures

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

Statement of certification


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

- a) the financial statements and notes of the entity are in accordance with the Government Business Enterprises Act 1995, including:
 - (i) giving a true and fair view of the results and cash flows for the year ended 30 June 2022 and the financial position as at 30 June 2022 of the entity; and
 - (ii) complying with the Australian Accounting Standards and Interpretations and with the Treasurer's Instructions.
- b) there are reasonable grounds to believe that the entity will be able to pay its debts as and when they fall due.

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

- a) the financial records of the enterprise for the year ended 30 June 2022 have been properly maintained in accordance with Section 51 of the Government Business Enterprises Act 1995;
- b) the financial statements and notes for the year ended 30 June 2022 have been prepared in accordance with Section 52 of the Government Business Enterprises Act 1995; and
- c) the financial statements and notes for the year ended 30 June 2022 give a true and fair view.

Signed in accordance with a resolution of the directors:



Therese Taylor
Chairperson



Tracy Matthews
Director

Hobart, 9 September 2022

Independent Auditor's Report



Independent Auditor's Report

To the Members of Parliament

Public Trustee

Report on the Audit of the Financial Report

Opinion

I have audited the financial report of the Public Trustee, which comprises the statement of financial position as at 30 June 2022 and statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies and the statement of certification by the directors.

In my opinion, the accompanying financial report is in accordance with the *Government Business Enterprises Act 1995*, including:

- (a) giving a true and fair view of the Public Trustee financial position as at 30 June 2022 and of its financial performance and its cash flows for the year then ended
- (b) complying with Australian Accounting Standards.

Basis for Opinion

I conducted the audit in accordance with Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. I am independent of the Public Trustee in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the financial report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code.

The *Audit Act 2008* further promotes the independence of the Auditor-General. The Auditor-General is the auditor of all Tasmanian public sector entities and can only be removed by Parliament. The Auditor-General may conduct an audit in any way considered appropriate and is not subject to direction by any person about the way in which audit powers are to be exercised. The Auditor-General has for the purposes of conducting an audit, access to all documents and property and can report to Parliament matters which in the Auditor-General's opinion are significant.

I confirm that the independence declaration provided to the directors of the Public Trustee on 8 September 2022, would be in the same terms if provided to the directors at the time of this auditor's report.

Independent Auditor's Report

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial report of the current period. These matters were addressed in the context of my audit of the financial report as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of Investments <i>Refer to notes 13 and 27</i>	
<p>The Public Trustee held \$16.18 million of assets invested in managed funds as at 30 June 2022. These funds are valued at fair value.</p> <p>The Public Trustee acts as a trustee for assets managed on behalf of its clients, pursuant to the <i>Public Trustee Act 1930</i>. As at 30 June 2022, the client assets under management totalled \$157.17 million.</p> <p>Assets held in trust are not recognised in the statement of financial position but are disclosed by way of note.</p> <p>Investments included unlisted funds which were valued based on proprietary valuations prepared by fund managers under their respective valuation methodologies.</p>	<ul style="list-style-type: none"> • Obtaining and assessing GS007 reports from fund managers, confirming that controls have been operating effectively throughout the year. • Obtaining information on the unlisted funds and assessing the adequacy of internal controls of these funds. • Obtaining and assessing confirmations of the number of units, the redemption value of those units at year-end. • Performing a reconciliation of the two investment funds held in trust, including agreeing the reasonableness of unit rates identified within the funds to supporting confirmations. • Assessed the adequacy of disclosures made in the financial report, including those regarding key assumptions used.

Independent Auditor's Report

Why this matter is considered to be one of the most significant matters in the audit	Audit procedures to address the matter included
Valuation of defined benefits obligation <i>Refer to notes 17 and 18</i>	
<p>The Public Trustee has employees who are members of a defined benefit superannuation scheme. The Public Trustee's obligations under this scheme (less fair value of plan assets) was recognised in the statement of financial position and was valued at \$10.45 million at 30 June 2022.</p> <p>The value of the unfunded superannuation liability and movements recognised in the financial statements are based on an annual independent valuation. This valuation is based upon a number of assumptions and the use of discount rates, all of which are subjective.</p> <p>The valuation is a key audit matter due to the complexity and level of judgement required in the calculation.</p>	<ul style="list-style-type: none"> • Assessing the scope, expertise and independence of the actuary performing the valuation. • Evaluating the appropriateness of the valuation methodology applied to determine the value of the obligation, including the assumptions used. • Verifying the accounting treatment for superannuation costs and changes in the value of the liability. • Evaluating the adequacy of disclosures made in the financial report.

Responsibilities of the Directors for the Financial Report

The directors of the Public Trustee are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards, and the *Government Business Enterprises Act 1995* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Public Trustee's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Public Trustee or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can

Independent Auditor's Report

arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Public Trustee's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Public Trustee's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusion is based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Public Trustee to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the directors with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, I determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

A handwritten signature in black ink, appearing to read 'D Bond'.

David Bond
Assistant Auditor-General
Delegate of the Auditor-General
Tasmanian Audit Office

12 September 2022
Hobart

Superannuation declaration

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

A handwritten signature in black ink, appearing to read 'TK Kennedy', with a long, sweeping flourish extending to the right.

Todd Kennedy
Chief Executive Officer

Hobart, 9 September 2022

13. 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 contacting the Principal Officer being the Chairperson or their delegate being the Public Trustee's Public Interest Disclosure Officer.

During the year in review, no disclosed matters were made to or by the Public Trustee as follows:

Disclosure requirement	Disclosure
The number and types of disclosures made to the relevant public body during the year and the number of disclosures determined to be a public interest disclosure	Nil
The number of disclosures determined by the relevant public body to be public interest disclosures that it investigated during the year	Nil
The number and types of disclosed matters referred to the public body during the year by the Ombudsman	Nil
The number and types of disclosure matters referred during the year by the public body to the Ombudsman to investigate	Nil
The number and types of investigations of disclosed matters taken over by the Ombudsman from the public body during the year	Nil
The number and types of disclosed matters that the relevant public body has declined to investigate during the year	Nil
The number and type of disclosed matters that were substantiated upon investigation and the action taken on completion of the investigation	Nil
Any recommendations made by the Ombudsman that related to the relevant public body	Nil

14. Payment of Accounts and Buy Local disclosures

In accordance with Treasurer's Instruction, disclosures are made in respect of payment of accounts and buying local.

Accounts due or paid within each year	
Measure	
Creditors Days	15 days
Number of accounts due for payment	1,063
Number of accounts paid on time	1,060
Amount due for payment	\$3.01 Million
Amount paid on time	\$3.00 Million
Number of payments for interest on overdue accounts	NIL
Interest paid on overdue accounts	NIL
Commentary (if applicable)	
Not applicable	

Consultancies valued at more than \$50,000 (ex GST)				
Name of consultant	Location	Description	Period of engagement	Amount
PwC	Sydney	Investment advice	12 months	93,840
Font PR	Hobart	Public relations	10 months	50,000
			Total	\$143,840
Consultants engaged for \$50,000 or less totalling				\$45,342
Total Payment to Consultants				\$189,182

Purchases from Tasmanian Business	
% of purchases from Tasmanian businesses	83.1 %
Value of purchases from Tasmanian businesses (Exc GST)	\$ 2.31 Million

15. Managing Performance in the Public Trustee

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

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

16. Investment Fund Special Purpose Annual Reports for the Year Ended 30 June 2022

Public Trustee Common Fund Special Purpose Annual Report – 30 June 2022

General information

The Public Trustee Common Fund was established under Section 38 of the *Public Trustee Act 1930* and is authorised to invest in the manner permitted by the *Trustee Act 1898*.

The Common Fund is a capital secure cash fund with a very low exposure to the risk of any loss.

Under the provisions of the *Public Trustee Act 1930* capital and interest invested in the Public Trustee Common Fund is guaranteed by the State of Tasmania.

The objective of the Fund is to provide investors with a capital secure investment with returns (before fees) that exceeds the RBA Cash Rate.

Funds in the Common Fund are available on an at call basis. A low interest rate environment means that the average annual interest rate on the Common Fund is currently 0.09%

Interest is calculated on the daily balances and credited quarterly on 31 March, 30 June, 30 September and 31 December.

The information provided in this annual report is unaudited.

Interest Rate History

Average Annual Rate to 30 June 2022	
1 Month	0.09%
3 Months	0.04%
6 Months	0.02%
1 year	0.02%
2 years	0.02%
3 years	0.22%
5 years	0.68%

Public Trustee Common Fund
Statement of comprehensive income
For the year ended 30 June 2022

Statement of comprehensive income – unaudited

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Investment revenue		
Interest income	449	562
Total investment revenue	449	562
Expenses		
Management fees charged by Public Trustee	436	551
Total operating expenses	436	551
Net profit attributable to account holders	13	11
Distributions to account holders	(13)	(11)
Amount retained but not distributed	-	-

Statement of financial position – unaudited

		As at	
	Notes	30 June 2022 \$'000	30 June 2021 \$'000
Assets			
Cash and cash equivalents		73,162	72,164
Receivables		9	5
Accrued Revenue		142	74
Total assets		73,313	72,243
Liabilities			
Payables		67	29
Net assets attributable to unitholders - liability	4	73,246	72,214

Public Trustee Common Fund
Statement of changes in net assets attributable to unitholders
For the year ended 30 June 2022

Statement of changes in net assets attributable to unitholders - unaudited

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Total net assets attributable to unitholders at the beginning of the year	72,214	76,557
Net profit attributable to unitholders	13	11
Distributions to unitholders	(13)	(11)
Application for units	122,011	112,420
Redemption of units	<u>(120,979)</u>	<u>(116,763)</u>
Total net assets attributable to unitholders at the end of the year	<u>73,246</u>	<u>72,214</u>

Statement of cash flows – unaudited

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities		
Interest received	382	775
Management fees	(402)	(593)
Net cash inflow / (outflow) from operating activities	<u>(20)</u>	<u>182</u>
Cash flows from financing activities		
Applications	115,694	112,420
Redemptions	(114,663)	(116,763)
Distributions paid	(13)	(11)
Net cash inflow / (outflow) from financing activities	<u>1,018</u>	<u>(4,354)</u>
Net increase / (decrease) in cash and cash equivalents	998	(4,172)
Cash and cash equivalents at the beginning of the year	<u>72,164</u>	<u>76,336</u>
Cash and cash equivalents at the end of the year	<u>73,162</u>	<u>72,164</u>

1 General information

The Public Trustee Common Fund (Common Fund) was established under Section 38 of the *Public Trustee Act 1930* and is authorised to invest in the manner permitted by the *Trustee Act 1898*.

The Common Fund is a capital secure cash fund with a very low exposure to the risk of any loss.

Under the provisions of the *Public Trustee Act 1930* capital and interest invested in the Common Fund is guaranteed by the State of Tasmania.

The objective of the Common Fund is to provide investors with a capital secure investment generating a consistent income stream in line with market rates. Money currently held in the Common Fund includes the Public Trustee's corporate funds as well as client funds held on trust.

The Common Fund is managed by the Public Trustee.

The information provided in this annual report is unaudited.

2 Basis of accounting

This special purpose financial report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

The financial report has been prepared on a historical cost basis.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and are not distinguished between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders.

The financial statements are presented in Australian dollars. Both the functional and presentation currency is Australian dollars (\$).

The financial statements comply with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

Rounding

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

New and amended standards adopted by the Common Fund

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2020 that would be expected to have a material impact on the Common Fund.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Impairment of financial assets

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

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

(b) Financial instruments

Non-derivative financial assets

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

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

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

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Financial assets measured at amortised cost

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

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

Financial assets measured at fair value

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

(c) Investment revenue recognition

Investment revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Common Fund and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Interest received from investments in cash and cash equivalents

Interest income is recognised using the effective interest rate method.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, deposits at call and short-term deposits.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Taxation

Under current legislation, the Common Fund is not subject to income tax provided the unitholders are presently entitled to the income of the Common Fund and the Common Fund fully distributes net taxable income.

(f) Distributions

Interest is calculated on the daily balances and credited quarterly on 31 March, 30 June, 30 September and 31 December. The distributions are recognised in profit or loss as distributions to account holders.

(g) Unit holders

Investment in the Common Fund is by direct investment in cash or cash equivalents.

(h) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

The Common Fund qualifies for Reduced Input Tax Credits (RITC) on management fees. These RITCs recoverable by the Common Fund from the ATO are recognised in the statement of comprehensive income.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(i) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Common Fund no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(j) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the Fund.

There are no standards that are not yet effective and that are expected to have a material impact on the Common Fund in the current or future reporting periods and on foreseeable future transactions.

4	Net assets attributable to unitholders – liability	As at	
		30 June 2022 \$'000	30 June 2021 \$'000
	Client funds	71,296	69,707
	Corporate funds	<u>1,950</u>	<u>2,507</u>
	Net assets attributable to unitholders - liability	<u>72,246</u>	<u>72,214</u>

5 Financial risk management

The Common Fund's financial instruments consist of deposits with APRA regulated authorised deposit taking institutions (ADIs). The totals for each category of financial instruments, measured in accordance with AASB 9 as detailed in the accounting policies to these financial statements, are as follows.

	2022 \$'000	2021 \$'000
Financial assets		
Cash and cash equivalents	<u>73,162</u>	<u>72,164</u>
	<u>73,162</u>	<u>72,164</u>

Financial risk management policies

The Common Fund's overall risk management strategy seeks to assist the Common Fund in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposure and management

The main risks the Common Fund is exposed to through its financial instruments are credit risk, liquidity risk and market risk relating to interest rate risk.

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

a. Credit risk

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

The Common Fund minimises the risks associated with investment by investing strictly in accordance with the Common Fund Investment Policy.

Risk is also minimised through investing funds in financial institutions that maintain a high credit rating.

Credit risk exposures

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

Credit risk related to balances with banks and other financial institutions is managed in accordance with approved Board policy. Any concentration of credit risk is managed as under the provisions of the *Public Trustee Act 1930* capital and interest invested in the Common Fund is guaranteed by the State of Tasmania. The following table provides information regarding the credit risk relating to cash and money market securities based on issuer credit ratings:

	2022 \$'000	2021 \$'000
Cash and cash equivalents		
- S&P AA-	34,511	37,742
- S&P A	5,948	-
- Moodys A3	18,525	20,733
- S&P BBB+	2,970	-
- Moodys Baa2	4,463	7,361
- S&P BBB	6,745	6,328
	<u>73,162</u>	<u>72,164</u>

b. Liquidity risk

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

- preparing forward looking cash flow analysis in relation to its operational, investing and financing activities;
- only investing surplus cash with Board approved Australian ADI's; and

- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

c. Market risk

Interest rate risk

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

6 Related party transactions

A management fee is calculated by the Public Trustee against money invested in the Common Fund at the rate of 1.1% (inclusive of GST) of the value of the Common Fund on a daily basis. The management fee is charged as at the last business day of each month.

7 Events after the reporting period

There were no matters that have occurred after balance date requiring disclosure.

Public Trustee Group Investment Fund 2

Special Purpose Annual Report - 30 June 2022

General information

The Public Trustee Group Investment Fund 2 invests in a portfolio of diversified investments. The fund is designed for those clients requiring a balanced exposure to market risk in their investment portfolio over a longer timeframe. The fund holds a major proportion of funds in growth assets (property, Australian shares and International shares) with some exposure to defensive assets (cash and Australian fixed interest).

The benchmark asset allocation of the fund is as follows

Benchmark Asset Allocation	
Cash	7.5%
Australian Fixed Interest	22.5%
Australian Shares	35%
International Shares	12.5%
International Shares – Hedged to AUD	12.5%
Australian Listed Property	5%
Global Listed Infrastructure	5%

The investments of the fund are managed by professional investment managers appointed by the Public Trustee. The Public Trustee also utilises the services of an external administrator and custodian.

Income is distributed at the discretion of the trustee quarterly in January, April, July and October each year.

The performance of the Group Investment Fund 2, after fees, to 30 June 2022 is as follows;

Performance after Fees to 30 June 2022	
1 Month	-5.95%
3 Months	-9.37%
6 Months	-12.27%
1 year	-8.17%
2 years	3.81%
3 years	1.71%
5 years	4.50%

The information provided in this annual report is unaudited.

Public Trustee Group Investment Fund 2
Statement of comprehensive income
For the year ended 30 June 2022

Statement of comprehensive income - unaudited

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Investment revenue		
Dividend/distribution Income	2,772	3,136
Interest income	-	-
Net gains/losses on financial instruments held at fair value through profit or loss	(9,336)	12,291
Total investment revenue	(6,564)	15,427
Expenses		
Management fees charged by Public Trustee	926	875
Custody fees	129	124
Other expenses	93	89
Total operating expenses	1,148	1,088
Net profit attributable to account holders	(7,712)	14,339
Distributions to account holders	2,228	6,665
Change in net assets attributable to unitholders	(9,940)	7,674
Amount retained but not distributed	-	-

Statement of financial position - unaudited

		As at	
	Notes	30 June 2022 \$'000	30 June 2021 \$'000
Assets			
Cash and cash equivalents		(10)	1,270
Receivables		1,907	2,036
Financial assets at fair value through profit or loss		<u>85,544</u>	<u>96,368</u>
Total assets		<u>86,441</u>	<u>99,674</u>
Liabilities			
Distributions Payable		2,228	6,665
Payables		<u>288</u>	<u>181</u>
Total liabilities (excluding net assets attributable to unitholders)		<u>2,516</u>	<u>6,846</u>
Net assets attributable to unitholders - liability	4	<u>83,925</u>	<u>92,828</u>

Public Trustee Group Investment Fund 2
Statement of changes in net assets attributable to unitholders
For the year ended 30 June 2022

Statement of changes in net assets attributable to unitholders - unaudited

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Total net assets attributable to unitholders at the beginning of the year	92,828	78,746
Net profit attributable to unitholders	(7,712)	14,338
Distributions to unitholders	(2,228)	(6,665)
Application for units	9,870	13,129
Redemption of units	(8,833)	(6,720)
Total net assets attributable to unitholders at the end of the year	<u>83,925</u>	<u>92,828</u>

Statement of cash flows – unaudited

	Year ended	
	30 June 2022 \$'000	30 June 2021 \$'000
Cash flows from operating activities		
Proceeds from sale of financial instruments held at fair value through Profit or loss	7,238	16,106
Purchase of financial instruments held at fair value through profit or loss	(4,750)	(23,580)
Dividends received	2,889	5,499
Interest received	-	-
Management fees	(849)	(861)
Custodian fees	(97)	(161)
Payment of other expenses	(83)	(84)
Net cash inflow / (outflow) from operating activities	4,348	(3,081)
Cash flows from financing activities		
Receipts from issue of units	9,870	13,129
Payments for redemption of units	(8,833)	(6,720)
Distributions paid	(6,665)	(5,952)
Net cash inflow / (outflow) from financing activities	(5,628)	457
Net decrease in cash and cash equivalents	(1,281)	(2,624)
Cash and cash equivalents at the beginning of the year	1,270	3,894
Cash and cash equivalents at the end of the year	(11)	1,270

1 General information

The Group Investment Fund 2 invests in a diversified portfolio with 30% invested in cash and fixed interest and 70% in shares and property. The Fund is designed for those clients requiring a balanced exposure to market risk in the investment portfolio over a longer timeframe.

The Group Investment Fund 2 is managed by the Public Trustee.

The information provided in this annual report is unaudited.

2 Basis of accounting

This special purpose financial report has been prepared in accordance with Australian Accounting Standards as issued by the Australian Accounting Standards Board.

The financial report has been prepared on an accruals basis.

The financial statements are presented in Australian dollars. Both the functional and presentation currency is Australian dollars.

Rounding

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

New and amended standards adopted by the Group Investment Fund 2

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2021 that would be expected to have a material impact on the Group Investment Fund 2.

3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Impairment of financial assets

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

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

(b) Financial instruments

Non-derivative financial assets

The Group Investment Fund 2 initially recognises financial assets on the trade date at which the entity becomes a party to the contractual provisions of the instrument.

Financial assets are initially measured at fair value being the consideration given.

On initial recognition, the entity classifies its financial assets as subsequently measured at either amortised cost or fair value, depending on its business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

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

Financial assets measured at amortised cost

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

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

Financial assets measured at fair value

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

(c) Investment revenue recognition

Investment revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group Investment Fund 2 and the revenue can be reliably measured. The following specific recognition criteria must also be met before income is recognised:

Interest received from investments in cash and cash equivalents

Interest income is recognised using the effective interest rate method.

Distributions from unlisted managed investment schemes

Distributions from unlisted managed investment schemes are recognised in the Statement of Comprehensive Income in the year the income was earned by the unlisted managed investment scheme. Distributions received may include capital gains. The Fund is required to offset carried forward capital losses with any capital gains received as part of a distribution. If this situation arises the distributable income of the Fund will not be the same as the distributions the Fund receives.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at bank, deposits at call and short-term deposits.

For the purposes of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above.

(e) Taxation

Under current legislation, the Group Investment Fund 2 is not subject to income tax provided the unitholders are presently entitled to the income of the Group Investment Fund 2 and the Group Investment Fund 2 fully distributes net taxable income.

(f) Distributions

Income is calculated quarterly and is distributed to investors at the discretion of the trustee in January, April, July and October.

(g) Unit holders

Redeemable units

All units issued by the Fund provide investors with the right to require redemption for cash and give rise to a financial liability.

Unit prices

Unit prices are calculated as the net assets of the Fund, less estimated costs, divided by the number of units on issue.

Change in net assets attributable to investors

Non-distributable income, which may comprise unrealised changes in the fair value of investments, net capital losses, tax deferred income, accrued income not yet assessable and non-deductible expenses are reflected in the Statement of Comprehensive Income as change in net assets attributable to unitholders.

(h) Goods and Services Tax (GST)

Revenue, expenses and assets are recognised net of the amount of GST except when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable.

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

The Group Investment Fund 2 qualifies for Reduced Input Tax Credits (RITC) on management fees. These RITCs recoverable by the Group Investment Fund 2 from the ATO are recognised in the statement of comprehensive income.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority is classified as part of operating cash flows.

(i) Derecognition of financial instruments

The derecognition of a financial instrument takes place when the Group Investment Fund 2 no longer controls the contractual rights that comprise the financial instrument, which is normally the case when the instrument is sold, or all the cash flows attributable to the instrument are passed through to an independent third party.

(j) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2022 reporting period and have not been early adopted by the Fund.

There are no standards that are not yet effective and that are expected to have a material impact on the Group Investment Fund 2 in the current or future reporting periods and on foreseeable future transactions.

4	Net assets attributable to unitholders - liability	As at	
		30 June 2022 \$'000	30 June 2021 \$'000
	Client funds	83,925	92,828
	Net assets attributable to unitholders - liability	83,925	92,828

5 Financial risk management

The Group Investment Fund 2's financial instruments consist mainly of investments in unlisted managed funds.

The totals for each category of financial instruments are as follows.

	2022 \$'000	2021 \$'000
Financial assets		
Cash and cash equivalents	(10)	1,270
Receivables	1,907	2,036
Financial assets at fair value through profit or loss	<u>84,544</u>	<u>96,368</u>
	<u>86,441</u>	<u>99,674</u>
Financial liabilities		
Trade and other payables	<u>2,516</u>	<u>6,846</u>

Financial risk management policies

The Group Investment Fund 2's overall risk management strategy seeks to assist the entity in meeting its financial targets, while minimising potential adverse effects on financial performance.

Specific financial risk exposure and management

The main risks the Group Investment Fund 2 is exposed to through its financial instruments are investment manager risk, liquidity risk and market risk.

There have been no substantive changes in the types of risks the entity is exposed to, how these risks arise, or the Group Investment Fund 2's objectives, policies and processes for managing or measuring the risks from the previous period.

a. Investment manager risk

Investment manager risk is the risk that an investment in a fund managed by an external fund manager does not achieve the performance objectives of the Fund. To reduce this risk the Public Trustee utilises the services of a professional asset consultant when selecting managers and in monitoring their ongoing performance. In addition the Public Trustee's Investment Committee, a Board subcommittee, reviews the performance of the Fund's investment managers on a quarterly basis.

b. Liquidity risk

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

- preparing forward looking cash flow analysis,
- investing with reputable investment managers,
- comparing the maturity profile of financial liabilities with the realisation profile of financial assets.

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

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

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2022	2021	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial liabilities due for payment						
Trade and other payables	(2,516)	(6,846)	-	-	(2,516)	(6,846)
Total expected outflows	(2,516)	(6,846)	-	-	(2,516)	(6,846)
Financial assets – cash flow realisable						
Cash and cash equivalents	(10)	1,270	-	-	(10)	1,270
Receivables	1,907	2,036	-	-	1,907	2,036
Financial assets at fair value	84,544	96,368	-	-	84,544	96,368
Total anticipated inflows	86,441	99,674	-	-	86,441	99,674
Net inflow on financial instruments	83,925	92,828	-	-	83,925	92,828

c. Market risk

Interest rate risk

Investments in the Group Investment Fund 2 are subject to interest rate risk and movements in interest rates will have an impact on the underlying value of its investments. For example, the market value of an Australian Government Bond will increase in value when interest rates are declining. The Fund has 30% of its assets invested in defensive assets (cash and fixed interest) and 70% in growth assets (Property and Equity).

Market price risk

Market price risk is the risk that the value of the investments will fluctuate as a result of changes in market prices. The Macquarie and Black Rock Investment Funds invest in listed and unlisted securities across a wide range of securities and is therefore subject to market price risk. Market Price risk is mitigated by selecting investments that have a robust investment process in place. Risk is further reduced by having the Portfolio diversified across the major recognised assets classes.

Net fair values

(i) Fair value estimation

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

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

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

(ii) Financial instruments measured at fair value

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

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

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
2022				
Financial assets				
Investments in unlisted managed funds	-	84,544	-	84,544
2021				
Financial assets				
Investments in unlisted managed funds	-	96,368	-	96,368

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

6 Related party transactions

A management fee is calculated by the Public Trustee against money invested in the Group Investment Fund 2 at the rate of 1.1% (inclusive of GST) of the value of the Group Investment Fund 2 on a daily basis. The management fee is charged as at the last business day of each month.

7 Events after the reporting period

The Public Trustee is not aware of any significant events affecting the Group Investment Fund 2 since the end of the reporting period.