Annual Report 2011/2012

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

Public Trustee

24 October 2012

The Hon Brian Wightman MP
Attorney General and Minister for Justice,
Level 10, 15 Murray Street
HOBART TAS 7000

Dear Minister,

In accordance with Section 55 of the *Government Business Enterprises Act 1995*, we submit for your information and presentation to Parliament the Report of the Public Trustee for the year ended 30 June 2012.

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

Yours faithfully,

Ann Cunningham
Chairperson
The Board of the Public Trustee

Peter Maloney
Chief Executive Officer
Public Trustee

Contents

Responsible Minister

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

Principal Legislation

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

- The *Public Trustee Act 1930* is the Portfolio Act and sets out the organisation's basic powers and duties.

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

Main Undertakings

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

- preparing Wills and Enduring Powers of Attorney

- acting as an executor of estates, or estate administrator if there is no Will

- assuming the role of executor when a person named in a Will is unable or unwilling to act

- acting as attorney for people requiring assistance to manage their financial affairs

- acting as trustee for various types of trusts including accident compensation awards

- assisting people to manage their financial affairs when the Public Trustee is appointed as a financial administrator by the Guardianship and Administration Board

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

Our Mission, Vision and Values

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

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

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

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

Mission Statement

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

Vision Statement

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

Values Statement

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

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

Chairperson's Report

It is my pleasure to present the Annual Report for the year ended 30 June 2012.

The organisation achieved a profit after tax for the financial year of $126,177 compared with a profit last year of $532,910.

Factors contributing to the result were:

- total revenue from activities was 1% higher than last year;
- of total revenue, commission and fees increased by 8% on last year;
- total expenses from ordinary activities increased by 4% during the year with salaries and associated expenses up 2%.

Dividend distributions on the Public Trustee's investment of its corporate funds was $542,828, down from $1,009,445 in 2011. This dividend distribution was a significant factor in achieving a profit of $532,910 in 2011.

The dividend paid to Government in the financial year ended was $224,545 which represents 50% of the Public Trustee's operating profit after tax for the year ended June 2011.

In previous reports I have noted the fact that there has been a significant change in the business undertaken by the Public Trustee, namely the increasing number of clients whose affairs we manage by order of the Guardianship and Administration Board (GAB). This trend has continued in the year in review.

As at June 2003 there were 268 such clients of whom 70% were Community Service Obligations (CSOs) or 187 clients. As at 30 June 2012 there were 663 clients (74% CSOs or 490 clients). This number will continue to increase. These clients now constitute 33% of the Public Trustee's business up from 12% in 2003. Many of this client base, particularly the CSO clients, have challenging behaviours and the relative resources required to service them exceeds the proportion of total matters they represent. The resources required to service them will increase. This changing business will continue to provide challenges for the Public Trustee with its impact on the resources required to provide the service to these clients.

The Public Trustee's current three-year CSO funding agreement with the Government commenced on 1 July 2011. In last year's report I noted that the funding model was agreed by Government but due to its budgetary constraints, the Government did not fund the Public Trustee at the level required by the model. In the first year of this agreement to the end of June 2012, the actual shortfall in funding was $584,984. In this respect it is noted that the Government has advised that it will be conducting, in conjunction with the Public Trustee, a review of the Public Trustee's funding and operational model. We look forward to working with the Government on this review.

Funds under management, which total $147M, continue to be a core area of business for the organisation. The deposit rate paid by the Public Trustee's Common Fund during the year was competitive and reflected market trends. Interest rates paid to contributors ranged from 3.42% to 4.74% per annum and averaged 4.34%.

The Public Trustee's two diversified group investment funds, No 1 and No 2 Funds have exposure to varying allocations of defensive and growth assets. Established in May 2004 the Funds have provided annualised returns over the past three years since the Global Financial Crisis of 6.45% and 7.74% respectively to the end of June 2012.

As in previous years, the Directors and Senior Managers undertook a facilitated review of the organisation's Corporate Plan. Included in the review was an Environmental Scan which identified current and emerging political, economic, social and technological issues. The strategies identified will form the basis of action items for the Board and the organisation over the next three years.

The Public Trustee regularly reviews its various strategies and policies. The Risk Management and Business Continuity Plans are reviewed annually. This year the Public Trustee undertook a major review of its IT Strategy Plan.

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.

The Board also conducted its annual review of its performance to identify areas where there can be improvement. This review covered the areas of the role of the Board, Directors' duties, finances, mission and direction and Board meetings.

This will be my final Chairperson's Report after serving as a board director since 2000 and Chairperson from 2004. I am leaving a "forward thinking" organisation which is aware of the challenges it faces in an increasingly competitive market and a difficult economic climate and has developed strategies in response. I thank my fellow Board members for their hard work and support to the organisation. Particular thanks go to the Audit Committee chaired by Craig Stephens and the Marketing Committee chaired by Beth Mathison.

I have enjoyed a close working relationship with the Chief Executive Officer, Peter Maloney, who I know will continue to lead the Public Trustee with dedication and the support of a committed management team. I would also like to acknowledge our loyal employees and their work in continuing to provide a high level of service to our clients.

Ann Cunningham
Chairperson
Board of the Public Trustee

Chief Executive Officer's Report

I have pleasure in presenting my report for the financial year 2011-12. We have achieved an operating profit which is very pleasing.

The results of our other performance measures are also pleasing. The Public Trustee surveys its clients to gauge feedback as to the standard of service we provide.

Our largest client group is our beneficiaries. The service we provide to them is at the core of our business.

Of 605 surveys sent to beneficiaries during 2011-2012, we received a response rate of 37%. Of those beneficiaries who responded, 88% stated their experience in dealing with the Public Trustee either met or exceeded their expectation. This is measured against a target of 85% so this is a very pleasing result. The feedback from these surveys is most welcome and is used by the Public Trustee to assist us in developing strategies for continuous improvement in client service.

Our Will client surveys continue to produce outstanding results. For the year in review we distributed 654 surveys with a 55% response rate. Of those who responded, 99% stated that their experience with dealing with the Public Trustee met or exceeded their expectations. This once again is a tremendous result and reflects well on those in the organisation who take Will instructions and in particular the professionalism of the Legal Services team.

Our new business in our core areas was comparable with last year. We wrote 684 new Wills and 955 revision Wills. We continued with our program of regional Will writing days throughout the State. There were 23 places visited throughout the year with 33 days scheduled for attendance. We visited a number of new places for the first time. We have received excellent feedback from the persons who attended these days, many of whom commented that they are very appreciative that we travel to their region to provide this service.

Public presentations and seminars continue to be a core area of activity for the organisation. We conducted 47 seminars and presentations around the state to a variety of groups and organisations with 1531 attendees.

We continue to be active in the area of marketing and communication. Once again a marketing and promotional brand awareness campaign was conducted in print and TV media.

We continued with a number of other marketing strategies, particularly in relation to communicating more frequently with our Will clients. Once again this year we provided our popular seminars in Hobart, Launceston, Devonport and Burnie for our Will clients. This provides them with up to date information on matters of interest to them. The seminars were well attended. Topics covered were personal legacy, administering deceased estates and tips for wellbeing.

We also produced two editions of our newsletter ‘Matters of Trust’ which contains useful information for our clients and the Tasmanian community.

This year there has continued to be a strong focus on human resource management issues. The Public Trustee values the contribution our employees make to the provision of quality, independent trustee services to the Tasmanian community.

The Public Trustee recognises the need to ensure managers are equipped with strong leadership skills to ensure the ongoing commercial viability of the organisation. The Public Trustee leadership development program continues to provide managers with the skills and knowledge they require to provide effective leadership across the organisation.

Annual employee surveys are undertaken throughout the organisation to seek employee’s views on the alignment between organisational vision and operational activities; the effectiveness of communication, leadership and change management; and the success of embedding the Public Trustee’s Values and Behaviours in everyday working practises.

The Public Trustee is committed to the continuing development of its people. A range of learning and development activities was provided during 2011/2012 with a focus on improving client service delivery.

Some of the key opportunities for improvement over the next 12 months include how we encourage innovation across the organisation and the continuation of the leadership program.

Improvement in efficiencies and business processes continues to be a high priority. In 2011 the organisation conducted a review of a number of its process and many of the recommendations contained in that review have been implemented in the past year and the remainder will be implemented in the current year. Many of those recommendations relate to the processes for delivering services to our clients whose affairs we manage by order of the Guardianship and Administration Board. There has been a dramatic increase in activity for these clients and a number of the changes were to address not only front service delivery, but also back office support.

In the year in review the Public Trustee carried out a review of its IT service provider and its IT infrastructure. This has resulted in a new IT service provider and new IT infrastructure and network throughout the organisation.

The Chairperson of the Board, Ms Ann Cunningham, is retiring and I would like to place on record my considerable thanks for her contribution to the Public Trustee over a lengthy period of time. Ann has been a Board member for 12 years and Chairperson since May 2004. She is also a member of the Audit Committee and is Chairperson of the Investment Committee. She has been of considerable support to me in my time as the Chief Executive Officer at the Public Trustee.

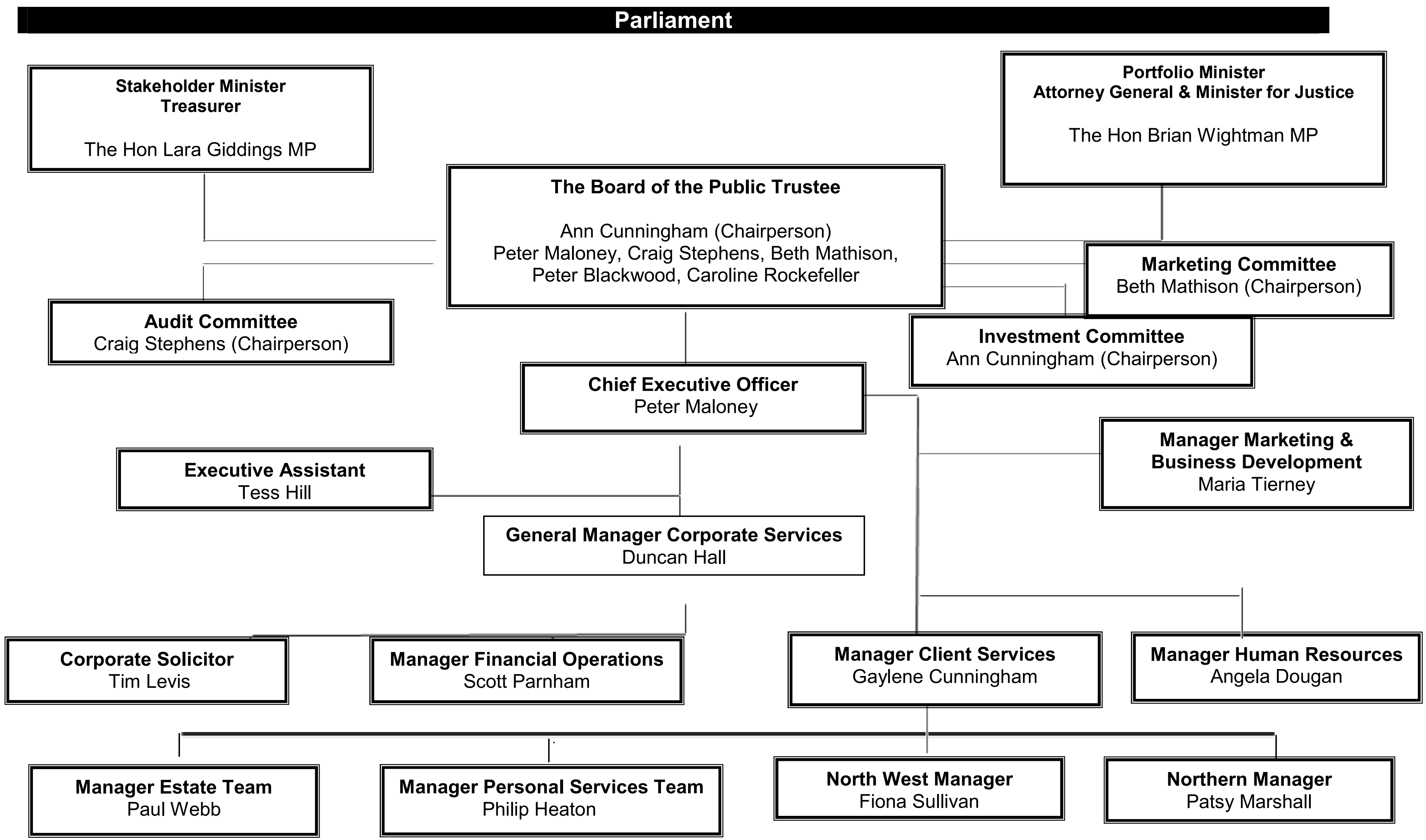
On behalf of our fellow Directors and the staff at the Public Trustee, thank you Ann.

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

I would like to thank the Public Trustee team for all their efforts during this past year. I look forward to working with the team at the Public Trustee and the Board in ensuring that the Public Trustee continues to be a successful commercial provider of trustee services to the Tasmanian community.

Peter Maloney
Chief Executive Officer

Structure of the Public Trustee



Corporate Governance

The Board of the Public Trustee

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

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

In carrying out its responsibilities, the Board:

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

The Board currently comprises five independent Directors and one Executive Director. Directors are appointed by the Treasurer and the Attorney-General on the recommendation of the Board. Directors are selected on the basis of their complementary skills and ability to add value to the Board. Directors are appointed after consideration by the Government Director Selection Advisory Panel.

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

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

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

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

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

The Board delegates responsibility for the day to day management of the business and oversight of the implementation of strategies approved by the Board in the strategic plan to the Chief Executive Officer.

Board members:

Ann Cunningham LLB (Hons)
Chairperson

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

Ann Cunningham is a barrister and solicitor, an accredited mediator and arbitrator. She is also Senior Member of the Administrative Appeals Tribunal, Presiding Member of The Resource Management and Planning Appeals Tribunal, an Independent Merits Reviewer with the Department of Immigration and Citizenship, a Director of the Marine and Safety Tasmania Board and a State Councillor of the Australian Institute of Company Directors.

Peter Maloney LLB
Executive Director

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

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

Craig Stephens BCom

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

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

Beth Mathison BA Grad Dip IR & HR MBA

Board Member March 2007
Chairperson of the Marketing Committee
Member of the Audit Committee
Fellow of the Australian Institute of Company Directors
Fellow of the Australian Institute of Management

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

Peter Blackwood

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

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

Caroline Rockefeller BCom

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

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

Board Performance Review

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

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

CEO Performance Review

The performance of the CEO is reviewed annually against a performance management agreement. It is conducted by a subcommittee of the Board and reports to it.

Code of Conduct

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

Board Attendance

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

	Board Meetings		**Audit Committee**		**Investment Committee**		**Marketing Committee**	
	Number Held	Number attended	Number held	Number attended	Number held	Number attended	Number held	Number Attended
Ann Cunningham	12	9	5	4	6	5		
Craig Stephens	12	11	5	5				
Beth Mathison	12	11	5	5			4	4
Caroline Rockefeller	12	11			6	5		
Peter Blackwood	12	11					4	4
Peter Maloney	12	10	5	5	6	5	4	2

Disclosure requirements

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

Statement of Corporate Intent

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

The performance agreement details the key financial and non-financial targets for the Public Trustee for 2012-13, as agreed between the Board and the Shareholding Ministers through the 2012-13 Corporate Planning process. It also details estimates for the following three years.

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

STRATEGIC DIRECTION

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

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

The strategic direction of the Public Trustee for the period of the Corporate Plan focuses on the implementation of strategies designed to increase market share in the commercial deceased estate administration business and the efficiency and profitability of the Public Trustee, consistent with its community service obligations.
Over the Corporate Plan period the Public Trustee will be focussed on:

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

PERFORMANCE AGREEMENT

This Performance Agreement sets out the key financial and non-financial targets for 2012-13, and estimates for the following two years are detailed in the tables below.

Financial Returns to Government

	Target 2012-13	Estimates 2013-14	2014-15
Dividends Paid ($ '000)	84	13	11
Tax Equivalents Paid ($ '000)	72	11	9
Total	156	24	20

Dividends have been calculated based on a 50 per cent payout ratio on operating profit less tax on operations.

Financial Targets

	Target 2012-13	Estimates 2013-14	2014-15
Operating Profit Before Tax ($ '000)	36	31	5
Operating Profit After Tax ($'000)	25	22	3
Net Profit after Tax ($m)	170	170	154
Capital Expenditure ($ '000)	250	500	100
Operating Margin	1.0	1.0	1.0
Return on Assets (%)	0.2	0.2	0.0
Return on Equity (%)	3.4	3.0	2.6
Capital Adequacy (%)	13	14	16

Key Non Financial Performance Indicators

	Target 2012-13	Estimates 2013-14	2014-15
Number of new wills written	750	750	750
Number of revision wills written	1,000	1,000	1,000
Beneficiary survey results (overall satisfaction rating)	85%	85%	85%
Will client survey results (overall satisfaction rating)	85%	85%	85%

Community Service Obligations

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

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

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

The Government has a three year funding agreement with the Public Trustee which provides the following amounts.

CSO Costs and Funding	Target 2012-13	Estimates 2013-14	2014-15
Community Service Obligations ($ '000)	1 360	1 420	1 456

The Government has agreed to undertake a review of the Public Trustee's funding and operating model to ensure that the business remains viable over the longer term.

Definitions

Operating Profit Before Tax means Operating revenue less operating expenditure.

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

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

Operating Margin means Operating revenue / operating expenditure.

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

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

Capital Adequacy means Tangible Reserves / Tangible Assets.

Financial Commentary

Financial Performance Indicators

The Public Trustee's Corporate Plan targets and key financial performance indicator results for FY2012 were:

	Target 2011-12	Actual 2011-12
Return on Tangible Assets Earnings before interest & Tax / Total Tangible Assets	5.1%	1.73%
Return on Tangible Equity Earnings after Tax / Net Tangible Assets	37.0%	-21.15%
Net Tangible Equity to Tangible Assets Ratio	10.8%	-20.75%

The Corporate Plan's Financial Performance indicators were determined in March 2011.

The revaluation of the defined benefits superannuation liability from $10,031,000 in 2011 to $14,102,000 in 2012 (a 41% increase) had the effect of significantly reducing the net assets of the organisation. This in turn led to lower than forecast net tangible equity ratios.

Deferred income tax benefits represented 26% of total assets and 246% of net assets as at 30 June 2012 and has the effect of reducing the return on assets and profit to equity ratios.

<u>Return on Tangible Assets</u>

The Return on Tangible Assets is below the Corporate Plan target as a result of the lower than forecast profit before tax for the year.

<u>Return on Tangible Equity</u>

The Return on Tangible Equity was significantly lower than the Corporate Plan target as a result of both the lower than forecast profit before tax for the year as well as the increase in liabilities arising from the revaluation of the defined benefits superannuation provision at 30 June 2012.

<u>Net Tangible Equity to Tangible Assets Ratio</u>

The Net Tangible Equity to Tangible Assets Ratio was lower than the Corporate Plan target as a result of lower than forecast tangible equity position – again reflecting the higher than forecast value of defined benefits superannuation liabilities at year end.

Payments to Consolidated Fund

The Public Trustee's payment to the Consolidated Fund for FY2012 compared with the previous year were:

	Actual 2011-12	**Actual 2010-11**
Dividends	$224,545	$nil
Income tax equivalent payments	$121,373	$225,733
Guarantee fees	$nil	$nil
Total	$345,918	$225,733
Dividend payout ratio	50%	50%

Capital Structure

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

Support for Tasmanian Business

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

Staffing

As at 30 June 2012 the Public Trustee employed 52 staff on a full time equivalent basis.

Community Service Obligation Payments

In accordance with the provisions contained in Part 9 of the *Government Business Enterprises Act 1995*, Community Service Obligations have been declared to encompass the responsibility of the Public Trustee to administer estates, trusts and the financial affairs of represented persons, notwithstanding that the financial value of these matters prohibits full cost recovery. As at 30 June 2012, matters classified as Community Service Obligations accounted for 48% of the matters administered by the Public Trustee. The net avoidable cost to meet these obligations for the 2012 financial year was $1,894,984.

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 2012 financial year was $1,311,416.

Public Trustee

ABN 11 223 649 773

Financial Statements
30 June 2012

Auditor's Independence Declaration

Tasmanian Audit Office

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

9 August 2012

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

Dear Board Members

Auditor's Independence Declaration

In relation to my audit of the financial statements of the Public Trustee for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

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

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

Yours sincerely

E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

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Statement of Comprehensive Income
for the year ended 30 June 2012

	Note	2012 $	2011 $
Sales revenue	2	**6,901,998**	6,429,724
Other revenue	2	**608,356**	1,043,011
Administrative expenses		**(1,753,679)**	(1,557,599)
Depreciation expense		**(97,842)**	(79,285)
Employee benefits expense	3	**(4,760,931)**	(4,661,388)
Occupancy expenses		**(421,598)**	(434,532)
Profit before income tax equivalent excluding re-measurement of financial assets		**476,304**	739,931
Income tax equivalent expense on profit excluding re-measurement of financial assets	4a	**(173,574)**	(290,844)
Profit for the year excluding re-measurement of financial assets		**302,730**	449,087
Net gain (loss) on re-measurement of financial assets		**(252,218)**	119,747
Income tax equivalent (expense) revenue	4b	**75,665**	(35,924)
Profit (loss) for the year		**126,177**	532,910
Other comprehensive income			
Superannuation actuarial gains (losses)		**(4,076,771)**	261,830
Income tax equivalent (expense) revenue on other comprehensive income	4c	**1,223,031**	(78,549)
Other comprehensive income for the year, net of income tax equivalent		**(2,853,740)**	183,281
Total comprehensive income for the year		**(2,727,563)**	716,191

The accompanying notes form part of these financial statements.

Statement of Financial Position
as at 30 June 2012

	Note	2012 $	2011 $
Assets			
Current assets			
Cash and cash equivalents	8	**2,297,144**	1,233,774
Trade and other receivables	9	**196,001**	933,791
Financial assets	10	**10,044,454**	10,296,487
Other assets	12	**36,183**	22,471
Total current assets		**12,573,782**	12,486,523
Non-current assets			
Deferred tax assets	14	**4,548,343**	3,290,928
Property, plant and equipment	11	**443,835**	436,186
Total non-current assets		**4,992,178**	3,727,114
Total assets		**17,565,960**	16,213,637
Liabilities			
Current liabilities			
Trade and other payables	13	**629,131**	491,461
Current tax payable	14	**(19,688)**	(30,608)
Provisions	15	**1,008,079**	922,650
Total current liabilities		**1,617,522**	1,383,503
Non-current liabilities			
Provisions	15	**14,101,511**	10,031,099
Total non-current liabilities		**14,101,511**	10,031,099
Total liabilities		**15,719,033**	11,414,602
Net assets		**1,846,927**	4,799,035
Equity			
Retained earnings		**1,846,927**	4,799,035
Total equity		**1,846,927**	4,799,035

The accompanying notes form part of these financial statements.

Statements of Changes in Equity
for the year ended 30 June 2012

	Note	Retained earnings $	Total $
Balance at 1 July 2010		4,082,844	4,082,844
Comprehensive income			
Profit (loss) for the year		532,910	532,910
Other comprehensive income for the year, net of income tax		183,281	183,281
Total comprehensive income for the year		716,191	716,191
Transactions with owners, in their capacity as owners, and other transfers			
Dividends recognised for the year	7	-	-
Total transactions with owners and other transfers		-	
Balance at 30 June 2011		4,799,035	4,799,035
Balance at 1 July 2011		**4,799,035**	**4,799,035**
Comprehensive income			
Profit (loss) for the year		**126,177**	**126,177**
Other comprehensive income for the year, net of income tax		**(2,853,740)**	**(2,853,740)**
Total comprehensive income for the year		**(2,727,563)**	**(2,727,563)**
Transactions with owners, in their capacity as owners, and other transfers			
Dividends recognised for the year	7	**(224,545)**	**(224,545)**
Total transactions with owners and other transfers		**(224,545)**	**(224,545)**
Balance at 30 June 2012		**1,846,927**	**1,846,927**

The accompanying notes form part of these financial statements.

Statement of Cash Flows
for the year ended 30 June 2012

	Note	2012 $	2011 $
Cash flows from operating activities			
Receipts from customers		**7,731,433**	7,076,029
Payments to suppliers and employees		**(7,259,957)**	(7,112,571)
Interest received		**65,528**	33,566
Income tax equivalent paid		**(121,373)**	(225,733)
Net cash from operating activities	18	**415,631**	(228,709)
Cash flows from investing activities			
Proceeds from financial assets		**977,775**	501,618
Purchase of plant and equipment		**(105,491)**	(151,994)
Net cash provided (used) in investing activities		**872,284**	349,624
Cash flows from financing activities			
Dividends paid		**(224,545)**	-
Net cash used in financing activities		**(224,545)**	-
Net increase (decrease) in cash held		**1,063,370**	120,915
Cash at the beginning of the year	8	**1,233,774**	1,112,859
Cash at the end of the year	8	**2,297,144**	1,233,774

The accompanying notes form part of these financial statements.

Notes to the Financial Statements
for the year ended 30 June 2012

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

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

The financial statements were authorised for issue on 9 August 2012 by the directors.

Note 1. Statement of significant accounting policies

Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ("AASB") the *Government Business Enterprise Act 1995* and related Treasurer's Instructions. The entity is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards as issued by the IASB. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

Except for cash flow information, the financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

a. Income Tax Equivalent

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

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

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

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well 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 or fair value as indicated less, where applicable, any accumulated depreciation and impairment losses.

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

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

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

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

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

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

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

c. Leases

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

d. Financial Instruments

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

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

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

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

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

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

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

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

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

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

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

They are subsequently measured at fair value with any remeasurement recognised in other comprehensive income.

Available-for-sale financial assets are classified as non-current assets when they are expected to be sold after 12 months from the end of the reporting period. All other available-for-sale financial assets are classified as current assets.

(v) Financial liabilities
Non-derivative financial liabilities other than financial guarantees are subsequently measured at amortised cost.

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

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

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

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 (eg 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

Provision is made for the entity's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those cash flows are discounted using market yields on national government bonds with terms to maturity that match the expected timing of cash flows attributable to employee benefits.

Liabilities under the Retirement Benefits Fund ("RBF") defined benefit plan are calculated by the State appointed actuary. Expenses related to current employment are recognised in the Statement of Comprehensive Income in Employee Benefits Expense. Actuarial gains and losses arising from changes in actuarial assumptions used to calculated the present value of future liabilities are recognised immediately through Other Comprehensive Income in the year in which they occur. Refer note 16.

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 after taking into account any trade discounts and volume rebates allowed. When the inflow of consideration is deferred it is treated as the provision of financing and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method.

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

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

j. Trade and other payables

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

k. Goods and Services Tax (GST)

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

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

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

l. Comparative Figures

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

m. Critical accounting estimates and judgements

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.

Key estimates

(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. Recoverable amounts of relevant assets are reassessed using value-in-use calculations which incorporate various key assumptions.

(ii) Impairment – carbon price
There is presently uncertainty in relation to the impacts of the carbon pricing mechanism recently introduced by the Australian Government. This carbon pricing system could potentially affect the assumptions underlying value-in-use calculations used for asset impairment testing purposes. The entity has not incorporated the effect of any carbon price implementation in its impairment testing at 30 June 2012.

(iii) Employee benefits
Assumptions utilised in the determination of the entity's employee entitlement provisions are discussed in note 1(f).

(iv) Financial Instruments
Assumptions utilised in the determination of the entity's valuation of its investment are discussed in note 1(d).

(v) Defined benefit superannuation fund obligations
Actuarial assumptions utilised in the determination of the entity's defined benefit superannuation fund obligations are discussed in note 16.

n. Dividends

The entity pays dividends in accordance with its statutory requirements as determined under Part 11 Division 2 of the *Government Business Enterprises Act 1995*. In 2011 the calculation base for the payment of dividends was changed from the Profit (loss) for the year to the Profit (loss) for the year excluding financial asset revaluations.

o. New Accounting Standards for application in future periods

The AASB has issued a number of new and amended Accounting Standards and Interpretations that have mandatory application dates for future reporting periods, some of which are relevant to the entity. The entity has decided not to early adopt any of the new and amended pronouncements. The entity's assessment of the new and amended pronouncements that are relevant to the entity but applicable in future reporting periods is set out below:

A discussion of those future requirements and their impact on the entity is as follows:

AASB 9: Financial Instruments (December 2010) and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) – applicable for annual reporting periods commencing on or after 1 January 2013.

These Standards are applicable retrospectively and include revised requirements for the classification and measurement of financial instruments, as well as recognition and de-recognition requirements for financial instruments.

The entity has not yet been able to reasonably estimate the impact of these pronouncements on its financial statements.

AASB 2010-8: Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets – applicable for annual reporting periods commencing on or after 1 January 2012.

This Standard makes amendments to AASB 112: Income Taxes and incorporates Interpretation 121: Income Taxes – Recovery of Revalued Non-Depreciable Assets into AASB 112.

The amendments are not expected to significantly impact the entity.

AASB 13: Fair Value Measurement and AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 – applicable for annual reporting periods commencing on or after 1 January 2013.

AASB 13 defines fair value, sets out in a single Standard a framework for measuring fair value and requires disclosure about fair value measurement.

These Standards are not expected to significantly impact the entity.

AASB 2011-9: Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income – applicable for annual reporting periods commencing on or after 1 July 2012.

The main change arising from this Standard is the requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently.

This Standard affects presentation only and is therefore not expected to significantly impact the entity.

AASB 119: Employee Benefits (September 2011) and AASB 2011-10: Amendments to Australian Standards arising from AASB 119 (September 2011) – applicable for annual reporting periods commencing on or after 1 January 2013.

These Standards introduce a number of changes to accounting and presentation of defined benefit plans as well as changes to the accounting for termination benefits that require an entity to recognise an obligation for such benefits.

The entity has not yet been able to reasonably estimate the impact of these changes to AASB 119.

Note 2. Revenue and other income

	2012 $	2011 $
Sales revenue		
- fees and commissions	**5,590,582**	5,169,724
- funding of community service obligations	**1,311,416**	1,260,000
	6,901,998	6,429,724
Other revenue		
- dividends received from other persons	**542,828**	1,009,445
- interest received from other persons	**65,528**	33,566
	608,356	1,043,011

Note 3. Profit for the year

Profit before income tax includes the following specific expenses:

Expenses

	2012 $	2011 $
Employee benefits expense		
- wages and salaries	**3,067,652**	3,019,482
- defined benefits superannuation expense (Note 16)	**700,009**	703,887
- other associated personnel expenses	**993,270**	938,019
	4,760,931	4,661,388

Note 4. Income tax equivalent expense

a. The components of income tax equivalent expense comprise:

	2012 $	2011 $
Current tax	**132,293**	192,827
Deferred tax	**41,281**	98,017
	173,574	290,844

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

	2012 $	2011 $
Prima facie tax payable on profit from ordinary activities before income tax at 30% (2011: 30%)		
- Entity	**142,891**	221,980
Add tax effect of:		
- write-down adjustments to property plant and equipment	**60**	-
- deferred tax assets relating to potential capital losses not recognised	**63,408**	118,631
Less tax effect of:		
- available franking credits	**(30,621)**	(40,397)
- foreign tax credits	**(2,163)**	(4,819)
- over provision for income tax in prior years	**-**	(4,551)
Income tax attributable to entity	**173,574**	290,844
Net gain (loss) on re-measurement of financial assets	**(252,218)**	119,747
Income tax expense (benefit) at 30%	**75,665**	(35,924)

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

Superannuation actuarial gains/(losses)		
Before tax amount	**(4,076,771)**	261,830
Income tax equivalent expense (benefit)	**1,223,031**	(78,549)
Net-of-tax amount	**(2,853,740)**	183,281

Note 5. Key management personnel compensation

The totals of the remuneration paid to key management personnel during the year are as follows:

Short-term employee benefits	**787,466**	730,138
Post-employment benefits	**92,433**	70,191
	879,899	800,329

For the year ended 30 June 2012 the entity identified five directors and six employees (2011: five directors and seven employees) as key management personnel in accordance with *AASB 124: Related Party Disclosure*. Note 21 lists the Directors of the entity at 30 June 2012.

Note 6. Auditors' remuneration

Remuneration of the auditor for:		
- auditing or reviewing the financial statements	**26,620**	25,840

	2012 $	2011 $

Note 7. Dividends

	2012 $	2011 $
Declared and paid	**224,545**	-

Note 8. Cash and cash equivalents

	2012 $	2011 $
Cash at bank and on hand	**900**	1,050
Short term bank deposits	**2,296,244**	1,232,724
	2,297,144	1,233,774

The effective interest rate on short-term bank deposits was between 3.8% and 4.7% (2011: between 3.4% and 4.9%).

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

	2012 $	2011 $
Cash and cash equivalents	**2,297,144**	1,233,774

In its capacity as trustee and financial administrator the entity holds funds on behalf of it clients that are not available for use by the entity. Details of the cash held under management and trusteeship have been included at note 24.

Note 9. Trade and other receivables

Current

	2012 $	2011 $
Trade receivables	**196,001**	933,791

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

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

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

	Gross	Past due and impaired	Past due but not impaired (days overdue)				Within trade terms
			< 30 days	31 - 60 days	61 - 90 days	> 90 days	
	$	$	$	$	$	$	$
2012							
Trade receivables	**196,001**	**-**	**-**	**-**	**-**	**-**	**196,001**
2011							
Trade receivables	933,791	-	-	-	-	-	933,791

	2012 $	2011 $

Note 10. Financial assets

	2012 $	2011 $
Available-for-sale financial investments		
Investments in managed funds, at fair value	**10,044,454**	10,296,487

Available-for-sale financial assets comprise investments in managed funds. There are no fixed returns or fixed maturity dates attached to these investments. No intention to dispose of any unlisted available-for-sale financial assets existed at 30 June 2012.

Note 11. Property, plant and equipment

	2012 $	2011 $
Plant and equipment		
Leasehold improvements at cost	**339,141**	291,143
Accumulated depreciation	**(203,384)**	(189,701)
	135,757	101,442
Fixtures, furniture and equipment at cost	**907,307**	817,298
Accumulated depreciation	**(599,229)**	(482,554)
	308,078	334,744
	443,835	436,186

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

	2012 $	2011 $
Leasehold improvements		
Balance at 1 July	**101,442**	18,080
Additions	**47,978**	91,671
Depreciation expense	**(13,683)**	(8,309)
Balance at 30 June	**135,737**	101,442
Fixtures, furniture and equipment		
Balance at 1 July	**334,744**	345,397
Additions	**90,010**	60,323
Depreciation expense	**(116,676)**	(70,976)
Balance at 30 June	**308,078**	334,744

Note 12. Other assets

	2012 $	2011 $
Current		
Prepayments	**36,183**	22,471

Note 13. Trade and other payables

	2012 $	2011 $
Current		
Trade payables	**149,892**	256,047
Sundry payables and accrued expenses	**479,239**	235,414
	629,131	491,461

Note 14. Tax

	2012 $	2011 $
Current		
Income tax	**(19,688)**	(30,608)
Non Current		
Deferred tax assets		
Balance at 1 July	**3,290,928**	3,503,417
Provisions – employee benefits	**1,246,753**	(41,210)
Other expenses	**10,663**	1,360
Changes in value of available-for-sale financial investments	**-**	(172,639)
Balance at 30 June	**4,548,343**	3,290,928

At 30 June 2012 a deferred tax asset of $182,039 (2011: $118,631) relating to the excess of the tax cost base of financial assets over their carrying value was not recognised as it was not probable that future capital gains will arise against which this benefit may be realised.

Note 15. Provisions

	2012 $	2011 $
Short term employee related entitlements		
Balance at 1 July	**922,650**	1,075,231
Additional provisions	**447,488**	270,872
Amounts used	**(362,058)**	(423,453)
Balance at 30 June	**1,008,079**	922,650
Long term employee related benefits		
Balance at 1 July	**10,031,099**	10,015,889
Additional provisions	**4,070,412**	-
Unused amounts reversed	**-**	15,210
Balance at 30 June	**14,101,511**	10,031,099
Analysis of total provisions		
Current	**1,008,079**	922,650
Non-current	**14,101,511**	10,031,099
	15,109,590	10,953,659

Provision for long term employee benefits
A provision has been recognised for employee benefits relating to long service leave. 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 included in Note 1(f).

	2012 $	2011 $

Note 16. Retirement benefit obligations

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

	2012 $	2011 $
Reconciliation of the defined benefit obligation		
Present value of the defined benefit obligation at the beginning of the year	**12,669,000**	12,844,000
Current service cost	**191,434**	200,737
Interest cost	**679,581**	671,532
Estimated contributions by plan participants	**62,000**	60,000
Actuarial (gains) losses	**4,233,259**	(425,239)
Estimated benefits paid	**(865,839)**	(658,292)
Estimated taxes, premiums and expenses	**(23,435)**	(23,738)
Present value of the defined benefit obligation at the end of the year	**16,946,000**	12,669,000

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

	2012 $	2011 $
Reconciliation of the fair value of scheme assets		
Fair value of plan assets at the beginning of the year	**2,353,301**	2,447,331
Expected return on plan assets	**171,006**	168,382
Actuarial gains (losses)	**156,488**	(163,409)
Estimated employer contributions	**609,960**	523,027
Estimated participant contributions	**62,000**	60,000
Estimated benefit payments	**(865,839)**	(658,292)
Estimated taxes, premiums and expenses	**(23,435)**	(23,738)
Fair value of plan assets at the end of the year	**2,463,481**	2,353,301
Reconciliation of the assets and liabilities recognised in the statement of financial position		
Defined benefit obligation	**16,946,000**	12,669,000
Fair value of plan assets	**(2,463,481)**	(2,353,301)
Net superannuation liability (asset)	**14,482,519**	10,315,699
Current net liability	**467,000**	441,000
Non-current net liability	**14,015,519**	9,874,699
	14,482,519	10,315,699
Expense recognised in the statement of comprehensive income		
Employee benefits expense (Note 3)		
- Service cost	**191,434**	200,737
- Interest cost	**679,581**	671,532
- Expected return on assets	**(171,006)**	(168,382)
	700,009	703,887
Amounts recognised in other comprehensive income		
Actuarial (gains) losses	**4,076,711**	(261,830)
Cumulative amount recognised in other comprehensive income		
Cumulative amount of actuarial (gains) losses at end of prior year	**1,915,443**	2,177,273
Actuarial (gains) losses recognised during the year	**4,076,771**	(261,830)
Cumulative amount of actuarial (gains) losses at end of year	**5,992,214**	1,915,443
Actual return on fund assets		
Actual return on plan assets	**327,494**	4,973

	2012	2011
	%	%

Percentage invested in each asset class at the statement of financial position date

As at	**31 March 2012**	31 March 2011
Australian equity	**29**	25
International equity	**18**	22
Fixed income	**12**	13
Property	**33**	19
Alternatives / other	**5**	18
Cash	**3**	3

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

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

Principal actuarial assumptions at the statement of financial position date

As at	**30 June 2012**	30 June 2011
Discount rate	**3.45 pa**	5.50 pa
Expected rate of return on plan assets	**7.50 pa**	7.50 pa
Expected salary increase rate	**3.50 pa**	4.50 pa
Expected rate of increase in compulsory preserved amounts	**3.75 pa**	4.50 pa
Expected pension increase rate	**2.50 pa**	2.50 pa

	2012 $	2011 $	2010 $	2009 $	2008 $
Historical information					
Present value of defined benefit obligation	**16,946,000**	12,669,000	12,844,000	11,258,000	11,317,384
Fair value of plan assets	**(2,463,481)**	(2,353,301)	(2,447,331)	(2,283,304)	(2,686,813)
Deficit in plan	**14,482,519**	10,315,699	10,396,669	8,974,696	8,633,571
Experience adjustment (gain) loss plan assets	**(156,488)**	163,409	(92,052)	414,237	421,892
Experience adjustment (gain) loss plan liabilities	**455,259**	(193,239)	470,194	831,128	71,696

	2013 $
Expected contributions	
Expected employer contributions	**467,000**

Note 17. Leasing commitments

	2012 $	2011 $
Operating lease commitments		
Non cancellable operating leases contracted for but not capitalised in the financial statements.		
Payable – minimum lease payments:		
- Not later than one year	**549,033**	357,595
- Later than one year but not later than five years	**844,627**	634,001
	1,393,660	991,595

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

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

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

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

Note 18. Cash flow information

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

	2012 $	2011 $
Profit (loss) after income tax before other comprehensive income	**126,177**	532,910
Non cash and financing flows in profit (loss):		
Depreciation	**97,842**	79,285
Dividend income	**(542,828)**	(1,009,445)
Re-measurement of financial assets	**252,218**	(119,747)
Changes in assets and liabilities:		
(Increase) decrease in trade and other receivables	**302,843**	141,787
(Increase) decrease in prepayments	**(13,712)**	(22,471)
(Increase) increase in deferred tax assets	**(34,569)**	313,520
Decrease (increase) in trade and other payables	**137,670**	(55,242)
Decrease (increase) in provisions	**79,070**	(56,401)
Decrease (increase) in current tax payable	**10,920**	(32,905)
Cash flows from operations	**415,631**	(228,709)

Note 19. Contingent liabilities and contingent assets

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

Note 20. Events after the reporting period

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

Note 21. 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 5: Key management personnel compensation.

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

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

	2012	**2011**
	$	**$**
Purchase of goods and services		
- Burnie Office rental expenses paid to Long Rock Pty Ltd. Director Ms CJM Rockefeller's husband is a director of Long Rock Pty Ltd.	**46,057**	66,700

The Directors of the entity at 30 June 2012 were:
- Ms AF Cunningham, Chairperson
- Mr PM Maloney, Chief Executive Officer
- Mr CJ Stephens
- Ms B Mathison
- Ms CJM Rockefeller
- Mr PR Blackwood

Note 22. Operating segments

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

Note 23. Financial risk management

The entity's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments and accounts receivable and payable.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows.

	2012 $	2011 $
Financial assets		
Cash and cash equivalents	**2,297,144**	1,233,774
Trade and other receivables	**196,001**	933,791
Available-for-sale financial assets	**10,044,454**	10,296,487
	12,537,599	12,464,052
Financial liabilities		
Trade and other payables	**629,131**	491,461

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. That policy contains a risk management plan and a risk register which have strategies to address risks identified. The policy is monitored regularly and reviewed on an annual basis by the directors.

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

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

The entity has no significant concentrations of credit risk with any single counterparty or entity of counterparties. Details with respect to credit risk of trade and other receivables are provided in Note 9.

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 9.

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

	2012 $	2011 $
Cash and cash equivalents		
- AA Rated	**-**	1,232,724
- AA- Rated	**2,296,244**	-
	2,296,244	1,232,724
Financial assets		
- AAAm Rated	**1,000,000**	1,060,000
- Unrated	**9,044,454**	9,236,487
	10,044,454	10,296,487

b. Liquidity risk

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

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

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

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

Financial liability and financial asset maturity analysis

	Within 1 year		1 to 5 years		Total	
	2012 $	2011 $	2012 $	2011 $	2012 $	2011 $
Financial liabilities due for payment						
Trade and other payables	**(629,131)**	(491,461)	**-**	-	**(629,131)**	(491,461)
Total expected outflows	**(629,131)**	(491,461)	**-**	-	**(629,131)**	(491,461)
Financial assets – cash flow realisable						
Cash and cash equivalents	**2,297,144**	1,233,774	**-**	-	**2,297,144**	1,233,774
Trade, and other receivables	**196,001**	933,791	**-**	-	**196,001**	933,791
Financial assets	**10,044,454**	10,296,487	**-**	-	**10,044,454**	10,296,487
Total anticipated inflows	**12,537,599**	12,464,052	**-**	-	**12,537,599**	12,464,052
Net (outflow)/inflow on financial instruments	**11,908,468**	11,972,591	**-**	-	**11,908,468**	11,972,591

c. **Market risk**

Interest rate risk

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

Price risk

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

Sensitivity analysis

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

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

	Profit $	Equity $
Year ended 30 June 2012		
+/- 100 bps in interest rates	**22,962**	**16,074**
+/- 100 bps in investments	**100,445**	**70,311**
Year ended 30 June 2011		
+/- 100 bps in interest rates	12,327	8,629
+/- 100 bps in investments	102,695	72,075

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

Net fair values

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 (ie trade receivables) are to be held until maturity and therefore the net fair value figures calculated bear little relevance to the entity.

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
	$	$	$	$
2012				
Financial assets				
Available-for-sale financial assets				
- investments in managed funds	**10,044,454**	**-**	**-**	**10,044,454**
2011				
Financial assets				
Available-for-sale financial assets				
- investments in managed funds	10,296,487	-	-	10,296,487

Included within level 1 of the hierarchy are investments. The fair value of these financial assets has been based on the closing quoted unit prices at the end of the reporting period, excluding transaction costs.

No transfers between the levels of the fair value hierarchy occurred during the current or previous reporting period.

Note 24. Client assets under management and trusteeship

The entity manages the assets of its clients pursuant to *The Public Trustee Act 1930.* These assets are not reflected in the Statement of Financial Position as they are held in trust. The entity maintains two investment funds to provide clients with a prudent investment for the particular circumstances of each client. A third investment fund was closed during the previous financial year with all holdings transferred into the No 2 Fund. The details of the fund assets are as follows:

	Common Fund	No. 1 Fund	No. 2 Fund
	$	$	$
2012			
Asset class			
Cash	**8,058,512**	**4,583,387**	**5,826,783**
Term deposits	**54,750,000**	**-**	**-**
Australian fixed interest	**-**	**3,513,035**	**17,325,520**
Australian equities	**-**	**1,752,868**	**17,866,006**
Property securities	**-**	**604,019**	**6,097,448**
International equities	**-**	**658,601**	**6,204,460**
International equities (hedged)	**-**	**612,071**	**6,033,742**
	62,808,512	**11,723,981**	**59,353,959**
Equity			
Client funds	**60,512,268**	**11,723,981**	**59,353,959**
Entity funds	**2,296,244**	**-**	**-**
	62,808,512	**11,723,981**	**59,353,959**
2011			
Asset class			
Cash	5,869,317	5,248,535	6,231,827
Term deposits	48,000,000	-	-
Australian fixed interest	-	3,886,105	18,676,434
Australian equities	-	2,010,126	19,381,728
Property securities	-	661,675	6,182,126
International equities (hedged)	-	1,368,009	13,193,426
	53,869,317	13,174,449	63,665,541
Equity			
Client funds	52,635,543	13,174,449	63,665,541
Entity funds	1,233,774	-	-
	53,869,317	13,174,449	63,665,541

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

	Common Fund $	No. 1 Fund $	No. 2 Fund $	No. 3 Fund $
2012				
Fund value				
Balance at 1 July	**53,869,317**	**13,174,449**	**63,665,541**	**-**
Capital deposits	**91,675,491**	**766,000**	**2,501,000**	**-**
Capital withdrawals	**(82,736,296)**	**(1,849,000)**	**(2,647,000)**	**-**
Unrealised capital gains (losses)	**-**	**(367,468)**	**(4,165,582)**	**-**
Balance at 30 June	**62,808,512**	**11,723,981**	**59,353,959**	**-**
Fund earnings				
Unrealised capital gains (losses)	**-**	**(367,468)**	**(4,165,582)**	**-**
Net earnings distributed to investors	**2,689,884**	**586,346**	**2,576,385**	**-**
	2,689,884	**218,878**	**(1,589,197)**	**-**
2011				
Fund value				
Balance at 1 July	52,561,982	14,902,140	37,474,294	18,946,900
Capital deposits	102,747,924	2,638,774	25,694,539	95,000
Capital withdrawals	(101,440,589)	(4,540,000)	(2,348,000)	(20,559,539)
Unrealised capital gains (losses)	-	173,535	2,844,708	1,517,639
Balance at 30 June	53,869,317	13,174,449	63,665,541	-
Fund earnings				
Unrealised capital gains (losses)	-	173,535	2,844,708	1,517,639
Net earnings distributed to investors	2,304,271	819,354	4,459,107	576,533
	2,304,271	992,889	7,303,815	2,094,172

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 2012 and the financial position as at 30 June 2012 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 Manager Financial Operations of the entity:

a) the financial records of the enterprise for the year ended 30 June 2012 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 2012 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 2012 give a true and fair view.

Signed in accordance with a resolution of the directors:

Ann F Cunningham
Director

Peter M Maloney
Director

Hobart, 9 August 2012

Independent Auditor's Report

Tasmanian Audit Office

Level 4, Executive Building, 15 Murray Street, Hobart, Tasmania, 7000
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Phone: 03 6226 0100 | Fax: 03 6226 0199
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Independent Auditor's Report

To Members of the Parliament of Tasmania

Public Trustee
Financial Report for the Year Ended 30 June 2012

Report on the Financial Report

I have audited the accompanying financial report of Public Trustee which comprises the statement of financial position as at 30 June 2012, the statements of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the statement by the Directors.

Auditor's Opinion

In my opinion:

(a) the Public Trustee's financial report:

(i) presents fairly, in all material respects, its financial position as at 30 June 2012, and its financial performance, cash flows and changes in equity for the year then ended; and

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

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

The Responsibility of the Directors for the Financial Report

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

Auditor's Responsibility

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

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

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

Independence

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

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

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

Tasmanian Audit Office

E R De Santi
Deputy Auditor-General
Delegate of the Auditor-General

HOBART 9 August 2012

...2 of 2

To provide independent assurance to the Parliament and Community on the performance and accountability of the Tasmanian Public sector.
Professionalism | Respect | Camaraderie | Continuous Improvement | Customer Focus

Strive | Lead | Excel | To Make a Difference

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.

Peter M Maloney
Chief Executive Officer

Hobart, 9 August 2012

Public Interest Disclosures Act 2002

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

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

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