

**Annual Report 2005**  
**PUBLIC TRUSTEE WESTERN AUSTRALIA**



**STATEMENT OF COMPLIANCE  
FOR THE YEAR ENDED 30 JUNE 2005**

To the Hon John D'Orazio MLA  
Minister for Justice

In accordance with section 66 of the *Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament the Report of the Public Trustee for the year ended 30 June 2005.

The Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.



**A R (Nina) McLaren**

Nina McLaren  
PUBLIC TRUSTEE



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## **THE PUBLIC TRUSTEE**

### **VISION**

To lead in the provision of trustee and asset management services to Western Australians.

### **DIRECTION**

At the Public Trustee Office we aim to:

- Focus on the core business of Trust Management, Estate Administration and Wills.
- Offer products and services that meet the needs of our clients.
- Maximise operational efficiencies.

### **TO CONTACT THE PUBLIC TRUSTEE**

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Click on 'Wills, Estates and Trusts' for a complete explanation of:

- Deceased estate administration
- Executors
- Enduring power of attorney
- Probate
- Wills
- Trust management
- Customer service standards
- Frequently asked questions
- Electronic copies of all Public Trustee publications, including previous Annual Reports, 'Who we are, what we do', 'Protecting your Trust' and fee schedules for deceased estates.



## THE ROLE OF THE PUBLIC TRUSTEE

The Public Trustee provides trustee services for all Western Australians, delivering professional and independent trustee and asset management services. The person appointed to administer the office is called the Public Trustee. The Public Trustee is a Statutory Authority within the provisions of the *Financial Administration and Audit Act* 1985.

The Public Trustee is committed to:

- Ensuring that people with decision-making disabilities, who are some of the most vulnerable in our community, have their assets appropriately managed for future needs, are protected from exploitation and are not financially disadvantaged by their inability to manage their own finances.
- Ensuring that all Western Australians have access to affordable, professional estate management, regardless of their ability to pay, thereby ensuring a just and equitable resolution of deceased estate matters and minimising conflict and litigation.
- Ensuring that all Western Australians have the opportunity to make a will or an Enduring Power of Attorney if they so desire, and that the critically ill have access to a will drawing service, so that the wishes of every Western Australian can be respected once they are no longer able to carry them out.

To achieve these core business outcomes, the Public Trustee offers the following key services:

### **Trust Management**

The Public Trustee provides a comprehensive range of financial and asset management services for people who, through age or disability, are unable to manage their financial affairs.



### **Estate Administration**

The Public Trustee administers the estates of deceased persons in the absence of an executor of a will, when an executor is unwilling to act, or when actually named as executor. The Public Trust Office may also administer the estates of persons who die intestate (without making a will).

### **Will Drawing**

The Public Trustee offers professional advice to those seeking to make a will or Enduring Power of Attorney appointing the Public Trustee as executor or donee.

### **Investment Management**

Services include funds management and investment services to clients through the operation of the Common Fund, an at-call investment facility backed by the State Government.

### **Power of Attorney Management**

If appointed by an individual, the Public Trustee can act under a Power of Attorney or Enduring Power of Attorney to help that individual manage his or her affairs.

### **Private Administrators**

The Public Trustee has taken on the role of examining the accounts of Private Administrators who have been appointed by the State Administrative Tribunal. The Guardianship and Administration Board previously performed this role. Private Administrators are required to lodge annual accounts with the Public Trustee who will examine them and determine if they should be allowed.

### **Agency Assistance**

The Public Trustee manages specific investment, financial, legal and administrative tasks as agent for people who do not wish to undertake these tasks themselves.



### **Other Trustee Services**

The Public Trustee also offers a number of other services including taxation, legal, property and contract assistance. Reports on these services are included in this annual report.

### **Christmas Island and Cocos (Keeling) Island Services**

An agreement negotiated between the Commonwealth and the State Government enables trustee services to be provided to communities on Christmas Island and on the Cocos Islands on a cost recovery basis. The Commonwealth Government meets any shortfall between the Public Trustee's normal fees charged for trustee services, and the actual cost of delivery.

## **HIGHLIGHTS**

During 2004/2005, the Public Trustee:

- Completed the Wills Imaging Project for disaster recovery purposes, and was the first public trustee in Australia to do so. The project involved processing an electronic image of over 100,000 wills to ensure the safe keeping of client instructions in the event of a disaster.
- Developed and implemented a management reporting system to enhance reporting from the trust accounting system. Wide business consultation identified key reporting requirements that were not being met by system reports. The project delivered a comprehensive set of standard, audit and monitoring reports that are now used by most business areas on an ongoing basis.
- Implemented a client feedback policy. The new policy includes a six-stage process of review of a complaint including providing a complaint and compliment feedback form to clients so that they could make their comments in writing. The policy provides the Public Trust Office with opportunities to improve client service in all areas.



- Developed a project to revitalise and refresh client letters. Working with a specialist-writing consultant, the new letters are clearer and easier to understand and make the office more efficient in drafting and processing letters.
- Demonstrated its commitment to the management and control of fraud through the development of the "Fraud Control Plan". The desired outcome of this commitment is the elimination of fraud against the Public Trust Office involving management, employees, clients, suppliers, contractors and other persons external to the organisation. The Plan aims to draw together all prevention, detection, resolution and reporting initiatives adopted by the Public Trust Office. The Plan was finalised and endorsed by the Executive in November 2004.

In the year ahead, the Public Trustee will:

- Continue to develop draft legislation, in consultation with stakeholders, in order to implement a business framework to ensure the future viability of the Public Trustee and continued trustee services to all Western Australians. This will allow the Public Trustee to self-fund anticipated increases in client demand due to the ageing of the population and other social trends.
- Focus additional resources, including specialist forensic accounting staff, on meeting the demand for trustee services.
- Strategic and operational planning for the upgrade of the trust accounting system software and platform to bring critical information systems to current industry standard.



## FROM THE PUBLIC TRUSTEE

The financial year ended 30 June 2005 was a year of continued development of a sustainable business model for the Public Trust Office. This work is extremely important to the future of the Public Trust Office, as without such a model it will be very difficult to further improve the quality of our services.

It was also a year of continued service provision challenges for the Public Trust Office, which I expect will increase in future years. To give some hope to staff and stakeholders in this daunting task, I have also paused to reflect upon the many achievements that we have been able to accomplish.

### **Sustainable Business Model**

The Functional Review Taskforce identified that the growth in demand for Public Trustee services is such that we will not be able to fulfil our obligations to the community in years to come without additional funding, unless we are able to re-shape our business structure.

As I reported in last year's annual report, future demand is expected in the area of mental illness and intellectual disability due to the long duration of those conditions. Administration Orders through the State Administrative Tribunal are expected to grow at a rate of 7.5% for another three years and to remain above the population growth rate for more than 30 years, and in fact the actual growth rates for the last two years have been in excess of forecast.

In 2004 the groundwork was laid for a new business model that will allow the Public Trustee to cope with the changes in demand and protect the quality of services, particularly to financially disadvantaged Western Australians.

The State Government has approved the drafting of amendments to the *Public Trustee Act* to enable a sustainable business model to be implemented, subject to consultation and



consideration of various alternatives to suit the specific needs of Western Australians. Consultation with stakeholder groups continued throughout 2004-05, providing the necessary feedback so that legislation, which is now in draft, can be finalised and presented to Government for consideration.

### **Service Provision Challenges**

The Public Trustee primarily provides financial services, and administers the estates of thousands of vulnerable Western Australians – people who, due to age, illness, injury or other circumstances, cannot manage their own affairs. Decisions on matters such as accommodation or health care are the responsibility of guardians and family members, not the Public Trustee. The Public Trustee's main responsibility is to ensure that decisions taken are financially and legally viable and appropriate, and to manage assets and expenditure in a prudent fashion.

Providing these services, in a climate of heightened media interest, public scrutiny and accountability to families, State Government and courts and tribunals, is an onerous task. From time to time we receive enquiries from the media about a particular client, but under law we are not permitted to make any comment. Sometimes erroneous and misleading reports have appeared in the media but we are unable to respond with the true facts of the matter.

The Hon Michelle Roberts, who was Minister for Justice for a portion of the year under review, made the following remarks in Parliament in support of the staff of the Public Trustee:

“As a general observation, the Public Trustee has a difficult and challenging role. It must often make determinations about the administration of significant assets or money, and I know it often finds itself making difficult decisions that may not please all the parties involved. Many of these decisions are judgment calls based on the available information. I recognise that this can bring the Public Trustee into conflict with those who are unhappy with the decisions or feel that



they have not been properly considered. I have received letters from such people and have found that the Public Trustee has acted appropriately and with a high degree of professionalism in resolving the issues concerned. I also know that the staff of the Public Trustee are more than happy to assist anyone with concerns about the administration of their affairs or estates”.

I am also pleased to report that the Hon John D’Orazio, the Minister for Justice as at the date of this report, has supported the Public Trustee’s bid for additional resources to increase the level of classification of key client service staff, which will result in more qualified staff able to provide a better service to clients. He has also supported funding for additional staff, to reduce crippling file loads, as well as the creation of a position to perform forensic accounting work to aid in the recovery of assets stolen from clients with a decision making disability.

### **Past Achievements**

In the year ahead, we will focus on continuing client and stakeholder consultation, with a view to finalising the sustainable business model and enabling legislation. We also look forward to new ways of serving our stakeholders, including growth in services provided by the new Private Administrator Support Team, and increased assistance provided to other State government agencies, such as the Director of Public Prosecutions and the Department of Community Development.

I have indicated that I will retire as Public Trustee during the year ahead, and so take this opportunity to thank my staff, and in particular the Corporate Executive, for the many achievements over the last six and a half years. They are too many to mention them all, but foremost among them would be the implementation of our computer system, MATE (which is shared by the Public Trustee of Queensland), the vastly simplified delegations which have slashed bureaucratic approvals, and the restructuring of virtually every area within the Public Trustee, from Client Services to Legal Services.

Adding to our ability to provide improved services to clients has been the reduction in file loads for each Trust and Estate Manager, as well as innovative recruitment techniques



and an emphasis on life skills rather than academic achievement for new staff. Coupled with the planned reclassification and improved training, there is now every chance that the staff of the Public Trustee will further improve their knowledge, experience and quality of service in future. These significant improvements simply would not have been possible without the dedication and hard work of the Corporate Executive, with the support of senior managers and other staff.

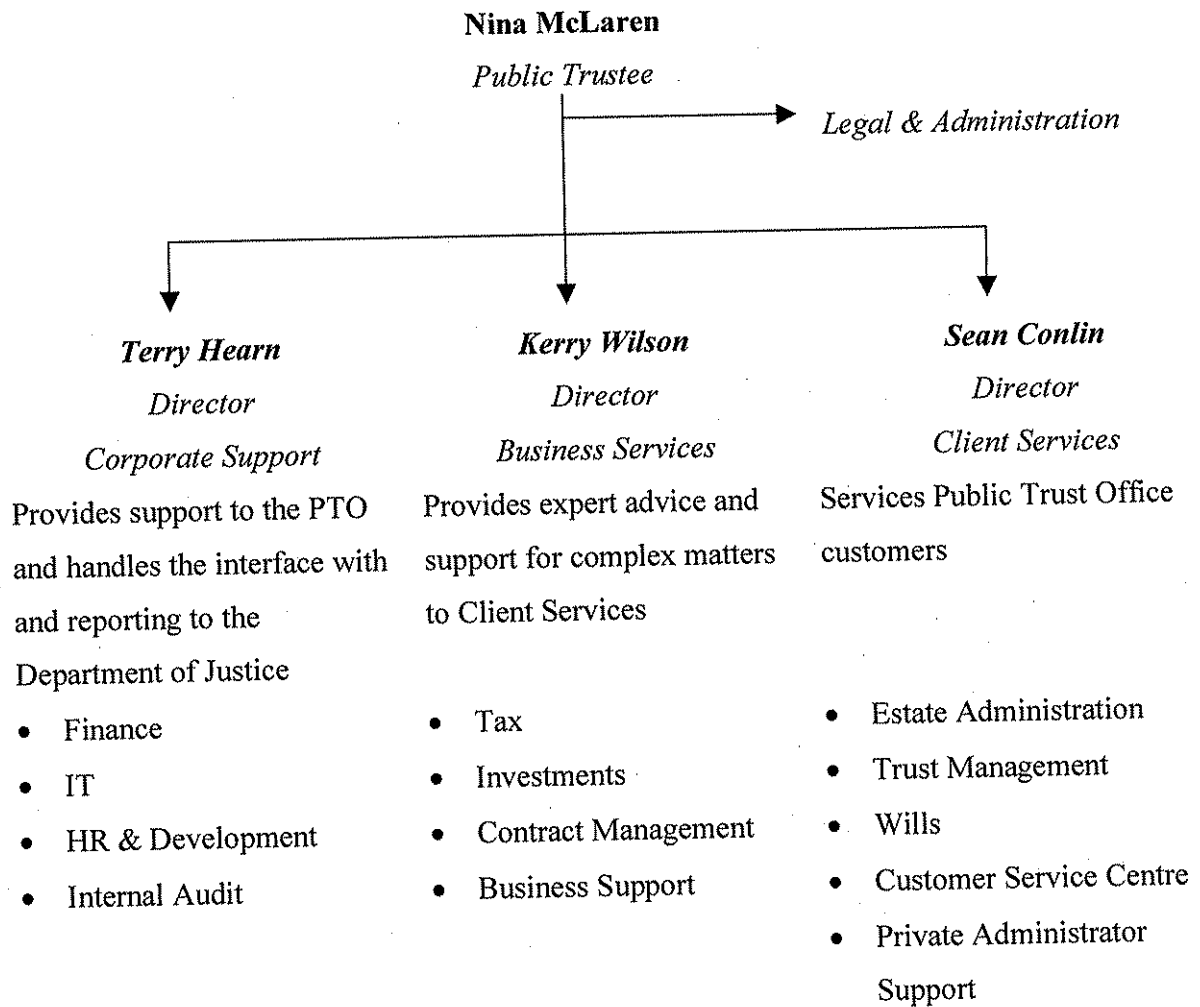
I also thank our stakeholders, from the very smallest client advocate group to the large government departments, for their assistance and valuable feedback over the course of my tenure. It is a great pleasure to me to know that the Public Trust Office now enjoys the support and goodwill of so many important stakeholder groups.

Finally, I thank all of the staff of the Public Trust Office for the manner in which they conduct the business of the Public Trustee, for their unfailing good humour in the face of many difficulties, and for their personal support.

**A R (Nina) McLaren**  
PUBLIC TRUSTEE



## PUBLIC TRUSTEE MANAGEMENT STRUCTURE





## **PUBLIC TRUSTEE MANAGEMENT**

### **PUBLIC TRUSTEE**

#### **Nina McLaren**

Nina McLaren holds a Bachelor of Arts (English) and a Master of Business Administration. She joined the Public Trust Office in 1999, having previously worked in management in the private sector. She brings to her position a proven record of accomplishment in financial services and management, having held senior positions with ASGARD Capital Management Ltd and UWL Ltd.

### **DIRECTOR, CLIENT SERVICES**

#### **Sean Conlin**

Sean Conlin holds a Bachelor of Business degree and a Graduate Diploma in Business. He is also a member of the Institute of Chartered Accountants in Australia. Sean joined the Public Trust Office in 1999 having spent the previous 15 years working in the financial services sector in accounting and management roles with organisations such as ASGARD Capital Management Ltd, Growth Equities Mutual Limited and Coopers and Lybrand.

### **DIRECTOR, CORPORATE SUPPORT**

#### **Terry Hearn**

Terry Hearn holds a Bachelor of Business in Accounting and Finance, an Associate Diploma in Business and is a member of CPA Australia. He joined the Public Trust Office in 1995 in the position of Manager Finance. He has worked in both the private and public sectors, primarily in the accounting field, specialising in financial and management accounting.

### **DIRECTOR, BUSINESS SERVICES**

#### **Kerry Wilson**

Kerry Wilson holds a Bachelor of Business in Accounting, a Diploma in Financial Planning, is a registered Tax Agent and is a member of CPA Australia. After a decade



with the Australian Taxation Office and then having established a career in public accounting, Kerry took up the post of Executive Manager of Finance and Corporate Services with CSA Credit and later joined SGIO Insurance as Corporate Services Manager of Personal Insurance. Kerry was appointed Director of Business Services with the Public Trust Office in 1999.



## **REPORT ON OPERATIONS**

The Public Trust Office has three main directorates:

- Client Services
- Business Services
- Corporate Support

### **CLIENT SERVICES**

The Client Services directorate is responsible for providing core services to clients of the Public Trustee, including:

- Estate Administration
- Trust Management
- Wills
- Customer Service Centre
- Private Administrator Support

Following a number of years of internal restructure and the installation of a new computer system, the focus of the Client Services directorate during the year under review has been towards consolidation. As part of the consolidation process we have examined a number of key areas that impact upon our service delivery to our clients to determine how to improve them.

The areas that we have reviewed during the year include staff training, management reporting and client feedback.

The staff training initiatives that we have introduced to improve the skill levels of our staff include the following:

- Developing an internal cross training matrix that will provide staff with a better understanding of the services provided by all the divisions within the Public Trust



Office. This will encourage staff to hopefully maximise the use of all the resources available to them when servicing our clients.

- Sourcing external consultants to provide us with specialist training that addresses the unique needs of some of our clients. Some of the training provided included cultural awareness training, customer service training and dealing with difficult clients.
- Maximising the use of our experienced trust and estate managers to help deliver training to our new and inexperienced staff.

In relation to management reporting, we developed and introduced during the year, a new management reporting tool. This tool allows us to extract and report on key data from within our client database in an easy and flexible manner.

The reports that are now available to us allow our managers to not only view key performance indicators in a timely manner but also to be pro-active in identifying potential problem areas.

In relation to client feedback we completed the pilot programme dealing with client complaints and introduced the new Client Feedback Policy. Staff have been provided with training in what the new policy is and how the monitoring system associated with the policy works.

### **Estate Administration**

The Estate Administration section is responsible for administering the estates of people who die with or without a will. Continued emphasis has been placed on improving the standard of services to clients in order to meet client expectations and demands.

During the year, the Public Trustee continued to assist and encourage a more active role by beneficiaries in estates where there are only limited or nominal assets, including beneficiaries administering the estate themselves. The Public Trustee has adopted this strategy to maximise the return to beneficiaries.



As a result of this policy the Public Trust Office's market share declined during the year from 15.5 percent of total applications to the probate registry in 2004 to 14.6 percent in 2005.

#### **Applications to the Probate Registry**

	<b>Public Trustee</b>	<b>Other</b>	<b>Total</b>
2001	903	3,688	4,591
2002	780	3,771	4,751
2003	882	4,158	5,040
2004	784	4,273	5,057
2005	713	4,170	4,883

Statistics provided by the Supreme Court Probate Registry.



### CASE STUDY

John died with a will that named the Public Trustee and his son Jason, as co-executors of his estate. The assets included a house, motor vehicle, seven bank accounts, eighteen investment accounts, one cash management account and 26 share holdings. The value of the estate was in excess of one million dollars.

The beneficiaries of the estate were John's wife and his sisters. The sisters resided in Switzerland and did not speak English, so Jason was appointed spokesperson to enable easy communication and prevent significant delays, as it was necessary to obtain advice from the beneficiaries about the disposal of certain assets. The administration of the estate took a considerable amount of time to finalise. This was, in part, due to the number of assets involved and the many institutions that held assets of the estate. The beneficiaries were often perplexed at the amount of time the administration was taking.

One matter that was of considerable concern was the return of certain family heirlooms to the sisters in Switzerland. Jason arranged for the items to be packed and shipped but when they arrived one of the heirlooms was damaged. The company that shipped the heirlooms refused to cover them for full market value. By intervening at the beginning of the insurance claim, with the assistance of Jason, the Public Trustee was able to obtain a full refund to the satisfaction of all parties.

"It was a pleasure working with you. The task certainly required a good sense of humour and happily you had plenty of that", wrote Jason when the estate was finalised. And John's wife wrote, "I wish to personally thank you for the very excellent work performed as executors of my husband's estate. I must admit that I was often concerned about how things were proceeding, not understanding regulations and requirements governing estates, and knowing that the estate was large and complicated. Please accept my sincere thanks to you especially and those who cooperated in completing this difficult and sensitive task".

The sisters, too, were satisfied with the outcome with a note saying, "my brother could not have chosen a better executor of his last will".



## Trust Management

The Trust Management section provides services where the Public Trustee acts as trustee, manager, substitute trustee, or administrator for people who are unable or unwilling to manage their own financial affairs. The total number of new trusts (including appointments by the State Administrative Tribunal) reported for administration during the year was 477. This figure is 1.3% above that of the previous year, when 471 new trusts were reported.

The total number of trusts on hand at the end of the financial year decreased marginally at June 2005 to 4,303 compared to 4,375 at June 2004.

### Total files on hand at year-end

2002	2003	2004	2005
4,481	4,360	4,375	4,303

The number of people for whom the Public Trustee acts as administrator as a result of being appointed by the State Administrative Tribunal continues to rise. This year the Tribunal referred 230 cases to the Public Trust Office (compared to 249 in 2003/2004). At year-end there were 1,338 State Administrative Tribunal clients being administered by the Public Trustee, compared to 1,249 at 30 June 2004.

The continuing increase in the number of State Administrative Tribunal appointments of the Public Trustee can be attributed to the increase in the number of people in society with decision-making disabilities, due in the most part to the ageing population. People whose affairs are managed by the Public Trust Office pursuant to an Administration Order include those who suffer dementia, an intellectual disability, mental illness or brain damage, and who are susceptible to neglect, abuse or exploitation by others. The role of the Public Trustee includes making financial and legal decisions that are in the best interests of the client.

The number of new court trusts allocated to Trust Managers for the year increased slightly to 188 in 2005 from 183 in 2004. Court trusts originate mainly from the District Court and the Assessor of Criminal Injuries Compensation, and the size of these trusts



varies from several thousand dollars to several million dollars. Administering these trusts includes setting up investment portfolios, collecting income, working out budgets for the beneficiaries and attending to their accommodation and transport needs. Ongoing communications with clients is achieved through meetings at the Public Trust Office and through Trust Managers visiting homes and nursing homes. During the year, Trust Managers held 2,581 client interviews, either within the office, or at the client's residence.

Trust Managers also attended 433 hearings at the Guardianship and Administration Board.

### CASE STUDY

Joanne suffered significant physical injuries and traumatic brain injuries in a motor vehicle accident a decade ago. Although Joanne has made a remarkable recovery, she still suffers from extensive and permanent brain damage. It is not possible for Joanne to live independently and she requires 24-hour carer support. In the years following Joanne's accident, she and her partner, Jeff, had 3 children. It became apparent that Joanne and her children were living in an environment of drug abuse and illegal drug related activities. Unfortunately, the two youngest children were made Wards of the State.

The Public Trustee administered the compensation payout and used part of the money to purchase a house for Joanne, where she, Jeff and her eldest daughter continued to live. When Joanne's partner moved out of the house, a carer was provided for Joanne. The carer took her to physiotherapy, doctor's appointments, on outings and shopping expeditions. The improvement in Joanne's condition was extraordinary. She showed an improvement in motivation to learn and to improve her situation. She also wanted a chance to gain custody of her children.

A new house was purchased for Joanne, further removed from old habits and temptations. Feeling much safer, and with the support of the carer, Joanne continues to show improvement and is now having regular contact with her two youngest children, with the possibility that they will be reunited permanently.

The Public Trustee has supported Joanne in the purchase and refurbishment of her new home, the provision of a carer, the provision of funds to address her special needs and in reuniting her with her children. She is, according to all who deal with her, a true success story.



## **Wills**

The Public Trust Office provides a professional will drawing service for Western Australians who wish to appoint the Public Trustee as their executor. Although this service is becoming less significant due to people choosing 'do it yourself' will kits or asking their solicitor to draw up their will, there are more than 100,000 wills held in safe custody with the Public Trustee.

During the year the Public Trust Office prepared or amended approximately 3,832 wills. The Wills on Wheels service continues to be provided to the critically infirm in hostels or nursing homes in the metropolitan areas.

The Public Trustee also provides an Enduring Power of Attorney service to ensure a person's assets are protected during any period of incapacity. The Public Trustee makes Enduring Powers of Attorney for clients who wish to appoint the Public Trustee as donee or substitute donee.

During the year the Public Trustee undertook a wills imaging project for disaster recovery purposes. The project involved processing an electronic image of all the wills held by the Public Trustee. In the event of a major disaster that destroys or severely damages these wills the electronic image can be called upon to help prove the testator's wishes.



### CASE STUDY

"Janine" was an elderly widow who, through investing wisely during her lifetime, had acquired substantial assets valued in excess of \$2,000,000.

Janine had recently been given some bad news regarding her health and as a result had decided to review her will. Not only did she want her immediate children to benefit from her will, but also her grandchildren - some of whom were minors.

Unfortunately, Janine's family were factionalised with misunderstandings and petty jealousies occurring over the years and Janine was concerned that if she appointed one or other of her children, as Executor and Trustee of her will these problems would be exacerbated.

Janine's accountant recommended that she should discuss the matter with the Public Trustee. She contacted the Wills section and an appointment was made. The Wills Officer who interviewed Janine explained that the Public Trustee was independent and unbiased in its dealings with beneficiaries and that the administration of her estate would be carried out in an efficient, sympathetic and confidential manner.

Of particular importance to Janine is that the Public Trustee can be relied upon to prudently manage the trust funds for the minor beneficiaries. Unlike a natural person, there will always be a Public Trustee to properly invest and fairly distribute the trust funds to Janine's grandchildren.

Janine proceeded to issue instructions for the preparation of her will, happy in the knowledge that the Public Trustee would remove the burden of the distribution of her assets from her family.



### **Private Administrator Support Team**

In January 2005 the new State Administrative Tribunal (SAT) opened its doors for the first time. The SAT has amalgamated some, or all, of the review, civil and disciplinary functions of nearly 50 industry and public sector boards and tribunals and a number of courts.

The Guardianship and Administrative Board (GAB) was one of those boards amalgamated into the SAT. Whilst the SAT has taken over the judicial functions of the GAB the Public Trustee has taken on some of the administrative functions previously performed by the GAB. These functions include providing support and education to private administrators in relation to their reporting requirements as well as examining the accounts that they are required to prepare. Once the Public Trustee has examined the accounts she has the power to either allow or disallow them, allow the accounts but disallow certain transactions and where appropriate issue a certificate of loss.

During the year the staff of the Private Administrator Support Team have examined and allowed 839 sets of accounts totalling more than \$214 million in value.



### **Customer Service Centre**

The Customer Service Centre is the first point of contact for clients, and plays an important role in the delivery of improved client service. The Service Center provides information on all the Public Trustee's services to any member of the public, and arranges appointments and allocates files to Estate and Trust Managers.

The Service Centre answers miscellaneous correspondence and written enquiries, checks the death notices daily in the newspapers against the Public Trustee's wills index and initiates first contact with the families and next of kin of deceased clients.

### **CASE STUDY**

Joe was severely injured in a car accident while at work. The District Court awarded him a substantial amount of money in compensation and the Public Trustee was appointed his trustee. He now lives at home and depends on his wife and children to assist him.

The initial meeting with Joe and his wife established their needs and outlined the Public Trustee's operating procedures.

A budget was drawn up, taking into account Joe's outstanding debts and immediate needs for housing and transportation. An investment plan was prepared to ensure Joe would have funds for his future needs.

The Public Trustee oversaw building renovations to the family home to make sure the work was done in agreement with the contract. Joe, who is mostly wheelchair bound, enjoys being outdoors, so the garden was renovated to give him easy access to the swimming pool, entertainment area and front and back entrances to the house.

Joe's family was dependent on him for their income so a weekly budget was prepared and a financial planner appointed by the Public Trustee.



### **Client Feedback Policy – compliments or complaints**

If clients have a compliment or complaint regarding any aspect of the service provided by the Public Trustee, the following avenues are available:

- **The officer handling the matter:** Clients should discuss fully any concerns with the Trust or Estate Manager handling the matter.
- **Section Manager:** If an issue remains unresolved, clients should ask for a Client Feedback Form to lodge an official comment, which will be reviewed by the Section Manager.
- **Directors:** Clients whose issues remain unresolved after initial review of the Client Feedback Form are entitled to a second review by the Director Client Services.
- **The State Ombudsman:** The State Ombudsman is available to assist people who have complaints against the administrative actions of Government departments or agencies. The Ombudsman can be contacted at:

St Martins Tower, 44 St George's Terrace, Perth WA 6831  
Telephone: (08) 9220 7555  
Free call: 1800 117 000 (Country Western Australia)  
Facsimile: (08) 9325 1107

In the six months since the policy was introduced, the Client Feedback Form has been used by clients in respect of sixteen different matters. One pleasing aspect of the new policy is that the form makes it as easy for a client to record a compliment or register a complaint and, of the sixteen matters referred, six of them were compliments.

Without exception, compliments relate to the way that individual staff members of the Public Trustee handled matters, not to the outcome achieved. Clients were simply impressed by the thoughtful treatment, thorough explanations and conciliatory manner of the staff member.



Ten complaints were received, and only two of them related to the manner or tone adopted by the staff member. Eight of the complaints related to the outcome or a specific event. Nine of the ten complaints were finalised as at 30 June 2005.

As the Client Feedback Policy includes the Ombudsman as a final reference, the Public Trust Office observes with interest the results published annually in the Ombudsman's annual report. While statistics are not yet available for the year under review, in the previous year there was a 63% reduction in complaints referred to the Ombudsman.

### **The Future**

In 2006 the Client Services directorate will:

- Build upon the current policy of cementing and strengthening relationships with key external stakeholders and links with the community.
- Work towards obtaining the required resources to reduce the client files loads of trust officers thus enabling them to provide a higher level of service.
- Create a specialised and dedicated resource to provide a forensic accounting service to help those clients who have had their income and assets misappropriated by family and friends.



## **BUSINESS SERVICES**

The Business Services directorate provides professional advice and support to Client Services on matters such as:

- Investments
- Taxation Services
- Contract Management
- Business Support

### **Investments**

The Investments section manages the Common Fund and the individual investment portfolios of larger value trusts. This is achieved through supervision of individual portfolios for clients with investment needs that cannot be met through the Common Fund. The licensed financial planner, who has been selected by the Public Trustee, through a tender process, prepares the portfolios. The Public Trustee, in consultation with the Investment Portfolio Review Committee, approves the list of investments from which the financial planner draws the final recommendations, this ensures the investments are consistent with the needs of the client and meet the Trustee's prudential requirements. This method of investment selection also ensures complete independence from any bias to related products that may contain hidden fees. The Public Trustee's financial planner is contractually required to rebate all up front and trail commissions to the client and the Public Trustee does not receive a commission on this service. The total value of these individual portfolios is more than \$100 million.

The Investment Manager also helps the Trust and Estate Managers with any queries they may have with individual client files.

The Investments Committee monitors the daily operations of the section, reviews the performance of the investments and provides strategic investment policy to the Public Trustee. It also acts as a review and approval panel for Common Fund mortgage applications.



A significant investment during the year has been the ongoing major capital works program to upgrade and refurbish the Public Trust Office building, which is an asset of the Common Fund. The refurbishment includes improvements to all floors, the installation of new air conditioning systems and upgrading the elevators. Consolidation of the Public Trustee's office space has resulted in three floors being available for lease. The decision to undertake the refurbishment was made to protect and maintain one of the Common Fund's most valuable assets, and has already paid dividends with one floor now leased and keen interest in the other two floors. Most projects connected to the capital works refurbishment have been completed in the 2005 year, some minor projects will be undertaken in 2006 and the remaining works will be considered after the 2007 calendar year.

#### **Gross Assets under Administration**

	<b>2005 \$</b>	<b>2004 \$</b>
Investments in Common Fund	243,686,183	248,364,569
Bank Deposits	30,012,831	29,677,121
Shares	44,890,963	41,153,828
Unit Trusts	77,536,727	52,313,839
Life Policies	1,615,096	1,374,636
Real Estate	154,971,440	148,452,365
Other Assets	13,713,786	11,970,872
<b>TOTAL</b>	<b>566,427,026</b>	<b>533,307,230</b>

The property function of the Investments section manages the sale and purchase of properties on behalf of trust and deceased estate clients. The Investment section is responsible for appointing and liaising with the real estate agent and then checking contract documentation and for ensuring that the transaction is properly completed. The Client Services section liaises with the beneficiaries and families during this process.



A particular challenge for the section in any year is the management of client expectations for the value of properties. In a rising market the historically based valuations are usually lower than the amounts that will be achieved at sale but in a softening market the valuation and the expectations of clients can be higher than the market is willing to pay. Valuations and market appraisals are always collected and compared to assist the clients and Client Services staff to set realistic sale and purchase prices for all properties handled by the Public Trustee.

#### **Property Transactions**

	2002	2003	2004	2005
Number of properties sold	157	151	207	218
Value of properties sold	\$24.9m	\$29.8m	\$46.1m	\$49.9m
Average Number of properties rented	101	98	84	162

The Investments section also manages the transfer of land, shares and registered securities during the management and distribution of trusts and deceased estates. A significant amount of this work involves liaising with the Department of Land Information.

This section continues to provide an exemplary, efficient and accurate document preparation service, which is reflected by the minimal number of requisitions received from the Supreme Court, share registries and the Department of Land Information.



### CASE STUDY

Jerry received a court award for injury compensation some 8 years after a serious road accident. Jerry's wife Janet is his main carer, and they have 3 children of primary school age.

The investment section worked with Jerry's Trust Officer to buy a house in the area the family had been living. This was to ensure the children could stay at their recently established school and prevent unnecessary disruption to family life. This accounted for a third of the money available from the court award.

Jerry had worked in a trade before his accident and was keen to buy a business to ensure he had a job. His fear was that no one would employ him because of his disabilities and he was getting bored. The Investment Manager and Trust Officer met with Jerry and Janet to discuss his wishes. They persuaded Jerry that, with problems of being easily fatigued, limited concentration and restricted use of his hands, he would not be guaranteed to be able to work for many hours a day. It would be a bad investment to buy a business just so Jerry had somewhere to go for a few hours a day on an infrequent basis.

The Investment Manager talked with Jerry and Janet about the need to have a long-term strategy, to provide for the family for the foreseeable future. The discussion included, in particular, investing in managed funds within Public Trustee guidelines. This would ensure capital growth and an income flow to support Jerry and his family. The funds are now being progressively placed to ensure that any fluctuations in the market do not adversely affect the capital invested, and are returning capital growth as well as an income flow.

Some of the money has been invested in a workshop set up in the family garage, to provide an outlet for Jerry's skills and knowledge. This has given Jerry an opportunity to engage in meaningful activity without endangering his financial well being.



### **Taxation Services**

Taxation Services oversees the preparation, review and electronic lodgement of all tax returns for both trust and estate administration clients. Taxation services provided by the Public Trustee include individual, partnership, business, company and trust returns.

A Tax Manager who is also a registered tax agent heads the section. The Tax Manager also provides training for trust and estate managers and advises on complex tax matters to provide the most effective outcomes for trusts under administration. Taxation Services lodged 1,205 tax returns in 2005. The increase in the number lodged over last year (1,073 returns in 2004) shows the steady increase in clients requiring this service.

### **Contracts Management**

Contracts Management oversees the letting and management of contracts for the provision of services and supplies to the Public Trust Office. The contracts are managed in accordance with Western Australian Public Service requirements and where required in conjunction with the Department of Treasury and Finance.

Contracts fall within two broad groups – those where the cost of purchasing goods and services for corporate needs are sourced from government funds and, contracts where the cost of purchasing services are paid for from funds held on behalf of Public Trustee clients.

In both cases contracts are managed in accordance with State Supply Policies and Guidelines and in accordance with Department of Treasury and Finance requirements. Ensuring open and effective competition and adopting a value for money approach consistent with the highest ethical standards are key elements of those policies.

A Tender Committee approves the awarding of contracts that involve purchases with funds held on behalf of Public Trustee clients, and to oversee the due diligence of all contracts. The committee also supports and provides guidance to the Contracts Manager. During the year the committee approved contracts for the repair and maintenance of client housing and the management of the Public Trust building. The Public Trustee is a



member of the Government Electronic Market (GEM) and all public tenders over \$50,000 are placed on the GEM bulletin board.

### **Business Support**

Business Support provides a file and mail service, including security storage of wills and other financially sensitive documents, as well as routine receipting and payments online. The section also handles the purchasing and asset management for all office needs, with the exception of computer and information technology items.

The installation of the MATE software means routine payments of client expenses, such as gas and electricity bills can now be paid in an efficient and timely manner. Trust Managers have the authority to approve payments in advance; this has resulted in significant time savings and reduced workloads, which means that Client Services staff are able to devote more time to client liaison and support.

The Business Support section has been involved in the implementation of the whole of Department of Justice Record Management Project. This project introduced new software and technology, including document imaging and improved file tracking systems by aligning some operational and record keeping databases.

Business Support was also involved in the Wills Imaging Project and will be responsible for the ongoing imaging and tracking of all wills. This enables recovery of all wills held by the Public Trustee in the event of a disaster.

### **The Future**

In 2006 the Business Services directorate will:

- Complete the refurbishment of the Public Trustee Office Building, including upgrading facilities for people with disabilities;
- Prepare investment policies for expected legislative changes to the *Public Trustee Act*; and
- Complete the alignment of operational and records databases.



## **CORPORATE SUPPORT DIRECTORATE**

The Corporate Support directorate is responsible for providing quality, cost-effective services that support the strategic objectives of the Public Trustee. Corporate Support continues to work on improving the way the Public Trustee manages and links business planning with funding models as a part of its overall strategic management framework.

Corporate Support has four main responsibility functions:

- Finance
- Internal Audit
- Information Technology
- Human Resources

### **Finance**

The finance section provides the internal financial and accounting services for the Public Trustee. During 2005, Finance was responsible for coordinating significant financial transactions relating to its clients, with receipts exceeding \$288.5 million and disbursements in excess of \$304.4 million.

Finance was also responsible for managing a consolidated operational budget for the Public Trustee of \$11.09 million in 2005 and a revenue budget of \$8.67 million.

In 2005 the areas of achievement for the Finance section include:

- Review of the International Financial Reporting Standards (IFRS) to determine their impact on Public Trustee reporting.
- Enhancement of finance reporting abilities through the Management Reporting System project being coordinated through Information Systems.
- Continued improvement in the use of CBA Diammond Services, to improve efficiencies in on-line investing in the Short Term Money Market.



- Coordination of the budget transfer and expenditure planning for the new Public Trustee service of Private Administration Support.

Finance has continued to build relationships with the Department of Justice to improve the flow of information between the finance groups.

### **Internal Audit**

The 2004/05 Internal Audit Plan focussed on three main areas:

- Trust Management
- Financial Processes, and
- Taxation

Each review conducted by Internal Audit identified further opportunities for improvement and also highlighted many areas of strength. Where appropriate, corrective action was taken to further strengthen internal controls.

The Audit Committee, which oversees the management of the Internal Audit function, met twice during the year. Its purpose is to provide guidance and direction, review audit reports and recommend action to ensure an efficient and effective internal audit function. The committee is a blend of both internal senior management and representation from external agencies, which includes the Office of the Auditor General, RiskCover and the Department of Justice.

### **Information Technology**

The Public Trust Office's corporate systems application MATE, which was implemented in 2001, has delivered the following benefits:

- Real time processing that enables staff to maintain accurate and up-to-date client information including their true financial position;
- Efficient payment, receipting and account reconciliation; and
- Tracking and processing of client correspondence.



MATE is now nearly five years old and like all computerised business systems of this age, requires upgrading at the platform and application level. The major objective in upgrading the system is to ensure that system and business needs are aligned and able to meet the Public Trustee's changing and future business needs.

The Public Trustee continues to champion an upgrade and seek funding so that staff have a system that provides business processing efficiency that in turn will enable transparent provision of quality services into the future.

All significant projects that were reported in the 2003-2004 Annual Report were completed successfully in the 2004-2005 reporting period, except one, which was suspended due to changing system plans concerning the MATE system. Completed projects included:

- Upgrading the MATE application (releases 16, 17 and 18);
- Upgrading the MATE platform (release 16) including the server, operating system and database management system;
- The new Standard Operating Environment project was implemented in August 2004. This project involved upgrading all PCs to meet the Department of Justice's computing standards, which effectively enables maintenance and user support to be more efficient and cost effective;
- The Management Reporting System project completed in December 2004. Staff from across business units participated strongly in the functional requirements specification and testing phases. This collaborative effort resulted in the implementation of a robust system that meets business needs. The system provides managers and staff with a very efficient means to monitor services and performance delivery and share accurate and timely information; and
- The Wills Imaging for Disaster Recovery project completed in February 2005. This project's objective was to image the bulk of Wills held so that the Public Trustee's responsibility associated with Wills could be met in the event of a disaster. Some 110,000 original Wills were scanned and securely stored as an electronic image. At



completion of the project, the responsibility for imaging new Wills for disaster recovery purposes was transferred to the business.

Information system and technology plans for the next reporting period include:

- Obtaining funding to enable a major upgrade to the MATE system.
- Develop plans for a major upgrade to MATE (subject to funding).
- Review the alignment between other existing small systems and business processing needs with a view to integrating with the MATE system. This effort should contribute to further enhancing business efficiency across business units.
- Further develop the new Management Reporting System so that business reporting needs are met.
- Reviewing policies and procedures associated with information systems and technology and update appropriately and in accordance with the Department of Justice's policies and standards.

### **Human Resources**

During the year the Human Resources section continued to work on improving the way the Public Trustee manages and links planning with performance, to ensure that the Office achieves its objectives.

The Employee Performance Assessment System (EPAS), implemented in July 2003, continues to identify training and development opportunities for staff to increase their level of skills and provide direct two-way feedback on staff performance. The EPAS is already showing the benefits by highlighting areas where more cost effective group training can be contracted, and will be beneficial for future development planning.

Employee turnover has increased slightly from 14 percent to 16 percent, however it remains within acceptable industry standards. The stability within the office is expected to continue.



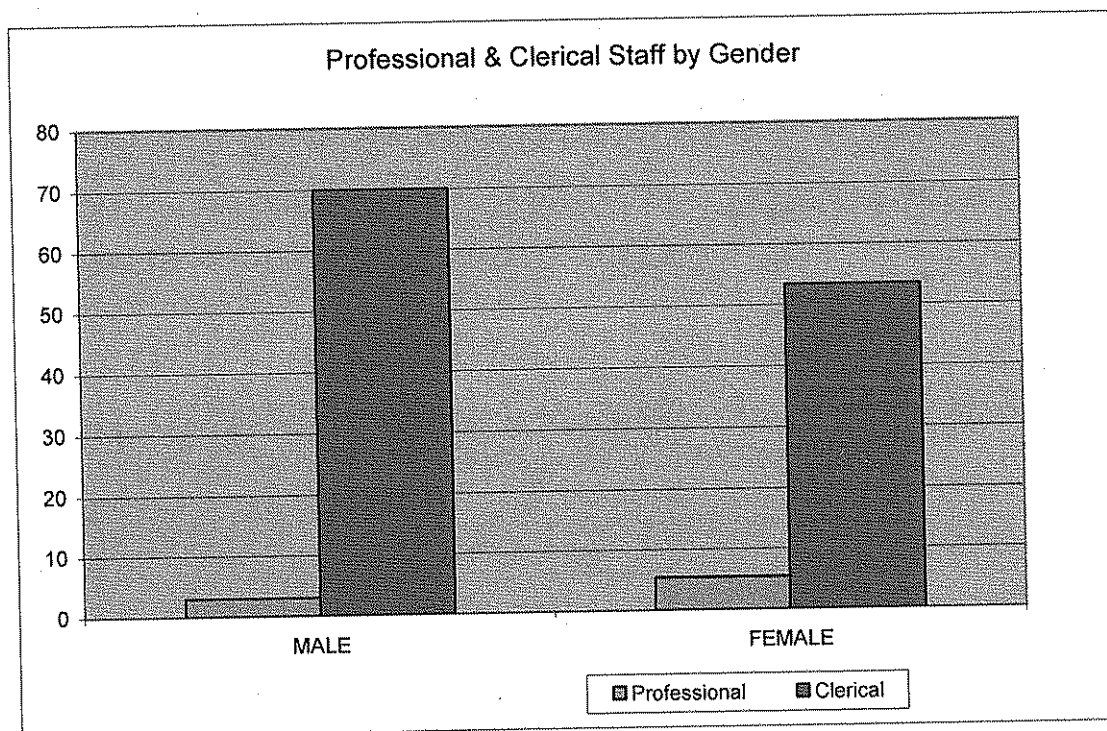
	2003	2004	2005
Employee turnover	12%	14%	16%
Sickness absence	12.26 days per employee per annum	8.7 days per employee per annum	7.43 days per employee per annum

### Number of Full Time Equivalent staff

The number of employees at the 30 June 2005 was 131.8 compared to 129.6 the previous year, a moderate increase.

### Employee Profile

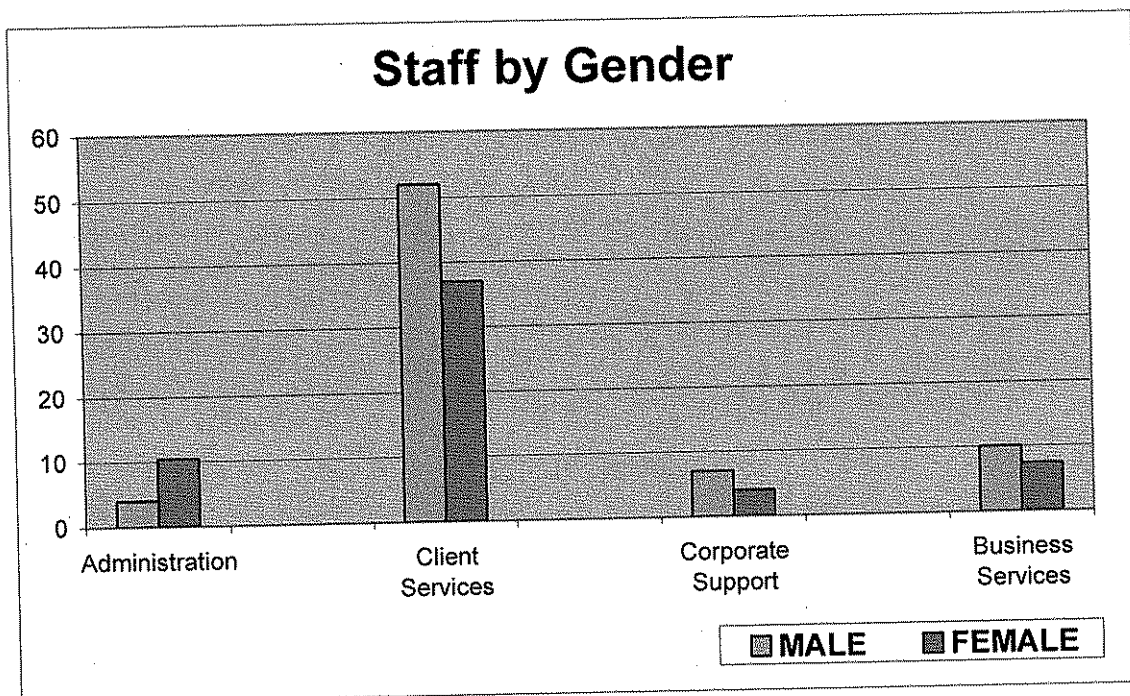
	Male		Female		Total	
Professional	3	35.7%	5.4	64.3%	8.4	6.4%
Clerical	70	56.7%	53.4	43.3%	123.4	93.6%
<b>Total</b>	<b>73</b>	<b>55.4%</b>	<b>58.8</b>	<b>44.6%</b>	<b>131.8</b>	<b>100%</b>





### Program Basis

	Male		Female		Total	
Administration	4	27.8%	10.4	72.2%	14.4	10.9%
Client Services	52	58.4%	37	41.6%	89	67.5%
Corporate Support	7	63.6%	4	36.4%	11	8.3%
Business Services	10	57.5%	7.4	42.5%	17.4	13.2%
<b>Total</b>	<b>73</b>	<b>55.4%</b>	<b>58.8</b>	<b>44.6%</b>	<b>131.8</b>	<b>100%</b>



### Training and Development

The Office is committed to the personal and professional development of its staff. As part of that commitment, during the year:

- 80 officers attended three (3) Aboriginal Cultural Awareness Courses conducted in-house and facilitated by Kooya Consulting.
- 18 officers undertook a course in Maintaining Good Client Relationships.



- 14 officers undertook various levels of training in Excel, Word and Outlook.
- 3 officers attended management development courses designed to prepare them for future management roles.
- 1 officer attended specific training in ITIL, for use in the information systems environment.

The Trustee Corporations Association of Australia (TCA) provides training courses in Trust Administration, Investments, Estate Administration, Wills and Taxation that directly relate to the duties of Trust and Estate Managers.

There has been a concerted effort by management to identify officers that would benefit from these courses. This year 16 officers enrolled in various TCA courses. This training has directly increased the performance of staff in providing a quality service to clients. The courses will continue to be offered to staff in 2006.

#### **Staff Communication**

The policy of open communication with staff continued during the year to ensure staff have the understanding and knowledge they need to deliver a high standard of service, and that they are able to contribute to decision-making on policy and service improvement. These communication activities, which also serve as forums in which staff can be recognised and rewarded, include:

- A regular staff newsletter which acknowledges the outstanding performance of staff nominated by their peers or manager; and
- Staff briefings held regularly to discuss significant projects and issues currently being addressed. Staff briefings are held for all staff, with additional regular briefings for staff at managerial level.

#### **Occupational Safety and Health**

The Public Trustee recognises the importance of maintaining a safe and healthy work environment for all employees. An Occupational Safety and Health Committee with representatives from all parts of the organisation meets quarterly (or more often if



required) to ensure compliance and to help formulate and introduce policies, procedures and training for employees.

In April 2005, an annual compliance audit was conducted and it was found that the Public Trust Office was compliant with all standards.

An employee assistance program provides staff with access to professional counselling for any personal or work related problems. In 2004/05, 9 staff or their family members used this service.

### **The Future**

In 2006, the Corporate Support directorate will endeavour to:

- Actively participate in the development of a business framework for long-term viability of the Public Trustee.
- Continue to identify and promote strategic relationship with key stakeholder groups.
- Further identify and refine strategies to enhance staff recruitment.
- Continue to enhance corporate governance through compliance and establishment of new initiatives.
- Further develop and improve information and knowledge management capacity.



## **PUBLIC TRUSTEE STAFF**

In addition to the three directorates, the Public Trustee personally has direct staff in the areas of administration and legal services.

### **Legal Services**

The Legal Services section provides the internal legal resources the Public Trustee requires to perform its legal and statutory duties as trustee, administrator, attorney and executor. Duties cover a broad range of areas including probate, property, commercial, debt recovery, personal injuries and family law. Six full time equivalent legal officers, two law clerks, a legal secretary and a clerk staff the section. One or two articulated clerks on rotation from the State Solicitor's Office and Director of Public Prosecutions are also part of the team.

The Legal Services section provides a comprehensive service similar to a private legal practice. Legal officers generally conduct their own litigation, appearing in the Supreme, District, Local and Family Courts and the State Administrative Tribunal. Legal work is outsourced to private practitioners if there is a conflict of interest with the Public Trustee or in cases where it is appropriate for the estate to bear the cost. The opinion of Senior Counsel is sought in difficult cases.

At year-end, the Legal Services team was handling 403 legal matters, not including wills and estate distributions. Approximately half of the legal matters are expected to result in court actions, predominantly in the Supreme Court. Most of those court actions concern issues arising from the administration of the estates of represented persons, deceased estates and trusts. They include proving wills, seeking directions from the Supreme Court with regard to entitlements to deceased estates, recovery of misappropriated assets, personal injuries claims and family law proceedings.



### CASE STUDY

Jeff has a medical condition requiring constant and expensive nursing care, and so his brother informally managed his financial affairs for him. Jeff's brother invested several hundred thousand dollars of Jeff's money into a property investment company. Jeff owned the shares, but had no voting rights and therefore no control over his investment. The property investment company primarily invested in a commercial property – a building where Jeff's brother ran his own business.

As a result, Jeff was not entitled to any of the income of the property, and had no power to insist on the property being sold – even though he had provided the funding to purchase the property. As a result of the shareholding, which appeared substantial on paper, Jeff was not entitled to a pension and was running out of money. His brother, however, could continue to run his business, and even not pay his rent. Jeff couldn't even sue his brother, because he had no assets in his own name.

The Public Trustee was appointed as Jeff's administrator, and petitioned the Supreme Court to have the investment company wound up. The Public Trustee had to employ some novel and unusual arguments to get around the structures set up by Jeff's brother. Fortunately, the Court saw merit in the Public Trustee's argument and granted the application, appointing a liquidator.

The liquidator sold the commercial property, so most of the investment will be returned to Jeff. The Public Trustee will continue to safeguard these funds, and use them to care for his future needs.



## **CORPORATE GOVERNANCE**

The Public Trustee is a body corporate and is responsible for the administration of the Public Trust Office, in accordance with section 4 of the *Public Trustee Act 1941*.

A management team comprising the Public Trustee and directors of Client Services, Business Services and Corporate Support make up the Corporate Executive of the Public Trust Office. This team is responsible for the development and implementation of policies and strategies for the delivery of trustee and asset management services to the people of Western Australia.

To optimise services while minimising risks, and to ensure that a wide range of views are taken into consideration, a number of committees have been established to confer with the Public Trustee on specific areas of Public Trust Office operations. These committees, listed below, comprise the Public Trustee's Corporate Governance structure.

### **Corporate Executive**

**ROLE:** Provides support and advice to the Public Trustee on the management and operations of the Public Trust Office.

**MEMBERSHIP:** The Public Trustee, Director Business Services, Director Client Services and Director Corporate Support.

### **Audit Committee**

**ROLE:** Oversees compliance and statutory responsibilities, oversees internal accounting controls, reviews internal audit and the internal audit plan.

**MEMBERSHIP:** The Public Trustee, Director Business Services, Director Client Services, Director Corporate Support, a representative from the Office of the Auditor General, the Manager Internal Audit from the Department of Justice and an independent member with risk management expertise.



### **Investment Committee**

ROLE: Provides guidance and gives direction on the investments of the Common Fund.

MEMBERSHIP: The Public Trustee, Director Business Services, Director Client Services, Director Corporate Support and Manager Investments.

### **Investment Portfolio Committee**

ROLE: Provides guidance to the Public Trustee in setting the approved investment vehicles for investment external to the common fund.

MEMBERSHIP: The Public Trustee, Director Business Services, Director Client Services, Director Corporate Support and Manager Investments. Two independent representatives from other State Government agencies with investment expertise attend the meetings as non-voting members.

### **Legal and Compliance Committee**

ROLE: Develop a strong compliance culture by reviewing and communicating policy regarding process and compliance issues, legislative changes, corporate legal matters and relationships with other agencies.

MEMBERSHIP: The Public Trustee, Principal Legal Officer and Director Client Services.

### **Risk Management Committee**

ROLE: Reviews and monitors the risk management issues of the Public Trustee.

MEMBERSHIP: The Public Trustee, Director Client Services, Director Business Services, Director Corporate Support and an independent member with risk management expertise.

### **Occupational Safety and Health Committee**

ROLE: Promotes a safe and healthy working environment for all employees and provides advice to the Corporate Executive on any areas of concern.

MEMBERSHIP: Manager Human Resources and staff representatives from all operational areas of the Office.



### **Tenders Committee**

**ROLE:** To approve the awarding of contracts where the cost of purchasing services is paid from funds held on behalf of Public Trustee clients and to oversee the due diligence of all contracts.

**MEMBERSHIP:** The Public Trustee, Director of Business Services, a representative from the Department of Justice Contracts and Services Branch and/or a representative from the Department of Industry and Technology.

### **Department of Justice Committees**

Representatives of the Public Trustee also participate on a number of committees under the auspices of the Department of Justice including:

- Corporate Executive Committee (Executive Director Management)
- Business Management Sub Committee
- Corporate Services Executive Committee (Corporate Services Management)
- Web Steering Committee (Website Management)
- Compliance Management System Group (Compliance)
- Customer Feedback Steering Group (Customer Service)
- Information Security Group (Information Technology)
- Information Sharing Group (Finance)

### **Membership**

The Public Trustee is a member of the Trustee Corporations Association of Australia (TCA) and actively participates through various sub-committees of the TCA in matters concerning the trustee industry.



## PRINCIPAL LEGISLATION

The Public Trustee was created by the *Public Trustee Act* (No. 26 of 1941) proclaimed to come into operation on 1 July 1942 as successor in law to the Curator of Intestate Estates and Official Trustee.

The Public Trust Office is a Statutory Authority within the provisions of the *Financial Administration and Audit Act* and operates as a division within the Department of Justice.

The operational expenses of the Public Trust Office form part of the appropriation for the Department of Justice.

## LEGISLATION ADMINISTERED

The Public Trustee administers the *Public Trustee Act* 1941, and complies with 106 State or Federal Acts in conducting its business.

### Legislation impacting on the functions of Public Trust Office

The following legislation has the most impact on the day-to-day operations of the Public Trustee:

- *Public Trustee Act* 1941
- *Administration Act* 1903
- *Trustees Act* 1962
- *Guardianship and Administration Act* 1990
- *Aboriginal Affairs Planning Authority Act* 1972
- *Inheritance (Family and Dependants Provision) Act* 1972
- *Wills Act* 1970
- *Financial Administration Audit Act* 1985
- *Criminal Property Confiscation Act* 2000

Many other laws impact on the commercial and public service activities of the Public Trustee.



## **RESPONSIBLE MINISTER**

The Public Trustee is responsible to the Minister for Justice for the administration of the *Public Trustee Act 1941*.

## **STATEMENT OF COMPLIANCE WITH RELEVANT LEGISLATION**

In the management of the Public Trust Office, the Public Trustee has complied with the requirements of all written law and exercised controls which provide reasonable assurance that the receipt and expenditure of monies and the acquisition and disposal of the public property and incurring of liabilities has been in accordance with legislative provisions.

At the date of signing I am not aware of any circumstances that would render the particulars of this statement misleading or inaccurate.

A handwritten signature in black ink, appearing to read 'A R McLaren'.

**A R (Nina) McLaren**

**PUBLIC TRUSTEE**

12 August 2005



## OTHER DISCLOSURES

### Advertising and Sponsorship

In accordance with Section 175ZE of the *Electoral Act*, the following expenditure was incurred:

<b>Market research organisations</b>		<b>\$11,953</b>
• Paterson Market Research	\$9,400	
• Exhibit Exhibitions	\$2,553	
• Advertising Agencies		Nil
• Media advertising organisations		Nil
• Polling organisations		Nil
• Direct mail organisations		Nil

### Publications

The following publications may be obtained from our office:

- Code of Conduct
- F.O.I. Information Statement
- Annual Reports
- Standards of Service Charter
- About our charges
- Who we are, What we do
- Protecting your trust
- Representing your interests

### Freedom of Information

There were five (5) applications received under the *Freedom of Information Act* in 2004.

An Information Statement has been prepared, which provides details about the operations of the Office, documents held and advice on the manner by which the public can gain access to that information.



A copy of the Information Statement is available on request from the Freedom of Information Coordinator, Public Trustee, 6th Floor, 565 Hay Street, Perth. A complete range of information and an online Freedom of Information application form is available on the Department of Justice website at [www.justice.wa.gov.au](http://www.justice.wa.gov.au).

### **Disability Services Plan**

The Office recognises its responsibilities under the Department of Justice's Disability Services Plan by ensuring that people with disabilities, their families and carers are able to access the services provided.

The needs of people with disabilities were taken into account when designing new interview rooms on the ground floor of the Public Trust Building, and the building refurbishments also include enhanced access for people with disabilities.

The Wills on Wheels service enables severely disabled or infirm people to have a will prepared in their own home, nursing home or hospital. In the last financial year, 510 people were assisted in this way.

### **Equal Employment Opportunity**

The Public Trustee is committed to equal opportunity and the encouragement of diversity in the workplace. All job description forms reflect equal opportunity principles and staff selection panels have received staff selection training that cover EEO principles.

The Grievance Resolution Officers are the first point of contact or referral for staff with EEO specific issues, act as a source of support and assistance, and provide general information on processes to supervisors, managers and colleagues.

### **Customer Focus Program**

In 2005, external market research of a cross-section of the Public Trustee's client base was conducted to ascertain the extent to which our trustee services met their needs. Details of the research conducted can be found in the Performance Indicators section of this report.



### Waste Paper Recycling

The Public Trustee engaged Specialised Security Shredding to collect and destroy confidential and other documents from some 22 recycling stations within its office. Collections occur every 3–4 weeks and the contents are sent for recycling.

### Energy Smart Government Policy

In line with the State Government's Sustainable Energy for the Future policy, which commits to a reduction in greenhouse gas emissions and the development of renewable energy and energy efficient industry, all government agencies are required to report their energy consumption for the year.

Energy Smart Government Program	Baseline	2005	Variation %
Energy Consumption (MJ)	1,294,000	989,000	23.57%
Energy Cost (\$)	42,686	68,986	
Greenhouse Gas (tonnes of CO <sub>2</sub> )	331	250	
Performance Indicators:			
MJ/sqm	332	337	
MJ/FTE	9,950	7,330	

*Note: Above information was provided by the Energy Data Gathering and Reporting System. The square meters occupied decreased in the base year from 3900m<sup>2</sup> to 2720m<sup>2</sup> currently.*

During the year the following energy saving initiatives were undertaken:

Public Trustee as building owner -

- Two floors refurbished and energy saving devices installed:
  - After hours light switches.
  - Smaller light fittings with upgraded reflectors so we need less tubes per fitting.
  - Tri-phosphorus tubes – lower energy use and longer lasting, also brighter light.
  - Air conditioning after hour's switches.
- Split the shared electricity meter with adjoining building to allow for better management and reporting of power.



Public Trustee as tenant -

1. Continued our replacement program to install tri-phosphorous tubes and reduced the number of tubes per fitting.
2. Followed Department of Justice guidelines on switching off PC's.



## **STATEMENT OF COMPLIANCE WITH PUBLIC SECTOR STANDARDS**

In the administration of the Public Trust Office, I have complied with Public Sector Standards in Human Resource Management, the Public Sector Code of Ethics and our Code of Conduct in conjunction with the Department for Justice.

I have put in place procedures designed to ensure such compliance and conducted appropriate internal checks to satisfy myself that the statement made above is correct.

The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

- |                             |     |
|-----------------------------|-----|
| • Number Lodged             | Nil |
| • Number of breaches        | Nil |
| • Number still under review | Nil |

**Sean Conlin**

B Bus, Grad. Dip Bus, CA

Acting Accountable Officer

31 August 2005



## **CERTIFICATION OF FINANCIAL STATEMENTS**

### **FOR THE YEAR ENDED 30 JUNE 2005**

The accompanying financial statements of the Public Trustee have been prepared in compliance with the provisions of the *Financial Administration and Audit Act* 1985, from proper accounts and records to present fairly the financial transactions for the financial year ended 30 June 2005 and the financial position as at 30 June 2005.

At the date of signing we are not aware of any circumstances, which would render any particulars included in the financial statements misleading or inaccurate.

**Terry Hearn**

B Bus, Assoc Dip Bus, ASA  
Principal Accounting Officer

31 August 2005

**Sean Conlin**

B Bus, Grad. Dip Bus, CA  
Acting Accountable Officer

31 August 2005



## FINANCIAL STATEMENTS

### PUBLIC TRUSTEE

### STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2005

	Note	2005 \$	2004 \$
<b>REVENUE</b>			
<b>Revenue from ordinary activities</b>			
Fees raised from Estates & Trusts	1(i)	6,501,515	6,342,552
Public Trustee 6% fee from Common Fund	1(i), 20(a)	954,558	879,248
Receipts from Common Fund Surplus Interest	1(i), 6, 20(a)	1,092,432	1,632,260
Interest	1(i), 20(a)	496,191	447,810
Other revenue	1(i)	120,134	117,797
Total revenue from ordinary activities		9,164,830	9,419,667
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Write offs	3	38,099	28,458
Other expenditure		-	92,376
Salaries	4	6,788,160	6,392,938
Superannuation and pension	4	1,101,620	954,364
Computer services	4	271,459	253,574
Administration expenses	4	1,869,907	1,791,185
Accommodation expenses	4	899,659	1,046,560
Corporate service expenses	4	1,076,759	1,019,082
Total expenses from ordinary activities before payments to Consolidated Fund		12,045,663	11,578,537
Fees paid to the Consolidated Fund	5	7,456,073	7,221,800
Surplus Common Fund Interest paid to Consolidated Fund	6	1,092,432	1,632,260
Total expenses from ordinary activities		20,594,168	20,432,597
<b>Loss from ordinary activities before grants and subsidies from Government</b>		(11,429,338)	(11,012,930)
Grants and Subsidies from Government		-	-
Resources received free of charge from the Department of Justice	4, 15	12,007,564	11,457,703
<b>NET PROFIT</b>		<b>578,226</b>	<b>444,773</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>			
		<b>578,226</b>	<b>444,773</b>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.



**PUBLIC TRUSTEE**

**STATEMENT OF FINANCIAL POSITION**

*As at 30 June 2005*

	Note	2005 \$	2004 \$
<b>Current Assets</b>			
Investment in Common Fund	10(a)	9,424,345	8,821,801
<b>Total Current Assets</b>		9,424,345	8,821,801
<b>Total Assets</b>		<b>9,424,345</b>	<b>8,821,801</b>
<b>Current Liabilities</b>			
Accrued fees payable to Consolidated Fund	8	275,843	247,893
Tax liabilities	9	170,424	174,056
<b>Total Current Liabilities</b>		446,267	421,949
<b>Total Liabilities</b>		<b>446,267</b>	<b>421,949</b>
<b>NET ASSETS</b>		<b>8,978,078</b>	<b>8,399,852</b>
<b>Equity</b>			
Indemnity reserve	7(a)(i)	2,792,743	2,623,262
General reserve	7(a)(ii)	3,030,000	2,530,000
Superannuation fund reserve	7(a)(iii)	2,648,932	2,648,932
Retained profits	7(b)	506,403	597,658
<b>TOTAL EQUITY</b>		<b>8,978,078</b>	<b>8,399,852</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



**PUBLIC TRUSTEE**

**STATEMENT OF CASH FLOWS**

*For the year ended 30 June 2005*

	Note	2005 Inflows (Outflows) \$	2004 Inflows (Outflows) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Fees raised from Estates and Trusts		6,477,888	6,329,833
Public Trustee 6% fee from Common Fund		954,558	880,964
Receipts from Common Fund Surplus Interest		1,092,432	1,632,260
Interest received from Common Fund		496,191	447,810
GST receipts on fees		807,665	789,914
Other revenue		120,134	117,797
<b>Payments</b>			
Other expenditure		-	(92,376)
GST payments on purchases		(167,678)	(105,558)
GST payments to taxation authority		(658,091)	(686,072)
<b>Net Cash provided by operating activities</b>	10(b)	9,123,099	9,314,572
<b>CASH FLOWS PROVIDED TO GOVERNMENT</b>			
Fees paid to Consolidated Fund		(7,428,123)	(7,179,583)
Surplus Common Fund Interest	6	(1,092,432)	(1,632,260)
<b>Net Cash provided to Government</b>		(8,520,555)	(8,811,843)
<b>Net increase in cash held</b>		<b>602,544</b>	<b>502,729</b>
Cash assets at the beginning of the financial year		8,821,801	8,319,072
<b>Cash assets at the end of the financial year</b>	10(a)	<b>9,424,345</b>	<b>8,821,801</b>

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



## **PUBLIC TRUSTEE**

### **NOTES TO THE FINANCIAL STATEMENTS**

*For the year ended 30 June 2005*

#### **Note 1.            *Significant Accounting Policies***

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

##### **1(a) (i) General Statement**

The financial statements constitute a general-purpose financial report, which has been prepared in accordance with Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The *Financial Administration and Audit Act* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effects are disclosed in individual notes to these financial statements.

##### **(ii) Basis of Accounting**

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain assets and liabilities, which, as noted, are measured at fair value.



1(b) Investments (Common Fund)

Investments have been brought to account as follows:

(i) Money Market Investments:

Government and other money market securities are recorded at cost, adjusted for premium or discount amortisation, on a constant yield basis over the period to maturity. As these investments are held to maturity, no provision is considered necessary for the difference between the amortised book value and market value. In the event of sale, any differences between amortised value and proceeds are recognised in the Statement of Financial Performance.

(ii) Mortgages:

Mortgages are recorded at lending cost and remain fixed for the term of the loan.

(iii) Property:

The building is recorded at fair value - refer note 20(f)(ii). Valuations are undertaken by the Valuer General's Office and are recognised in the financial statements.

1(c) Trust Funds

The total cash held on behalf of estates and trusts under the control of the Public Trustee is represented in the Public Trustee Common Fund Account, Note 20(b) and 20(g). Details of receipts and payments in the individual estates and trusts are not shown in the financial statements.

1(d) Reserves

The level of reserves is determined by the Public Trustee from earnings not paid to the Consolidated Fund. The Public Trustee Indemnity Reserve has been established to meet possible future liabilities of the Public Trustee in lieu of payment to the Consolidated Fund. The General Reserve has been established to meet future capital requirements (refer Note 7(a)).



These reserves are in contrast to the Common Fund General Reserve, which is used primarily for the operations of the Common Fund, such as to stabilise interest paid to estates, meet losses on investments and maintain Common Fund assets (refer Note 20(h)).

1(e) Reporting of Assets and Liabilities Used by the Public Trustee

The Department of Justice provides the Public Trustee with resources in the form of staff, equipment and other operating expenses. The assets and liabilities relating to these provided resources are reported in the Department of Justice Financial Statements (refer Note 4 & 15).

1(f) Foreign Currency Translation

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Foreign currency receivables and payables at balance date are translated at exchange rates current at balance date. Exchange gains and losses are brought to account in determining the result for the year.

1(g) Comparative Information

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and disclosures.

1(h) Net Fair Value

Net fair values of financial instruments are determined on the following basis:  
Monetary financial assets and liabilities not traded in an organised financial market – cost basis for carrying amounts of investments in the Common Fund and accrued fees payable to the Consolidated Fund (which approximates net market value).



1(i) Revenue recognition

Revenue is recognised in the following manner:

1. Fees realised from Estates and Trusts are recognised in the period in which they are determined.
2. Public Trustee 6% fee from the Common Fund is recognised at the end of each month, with a final adjustment at year-end.
3. Receipts from Common Fund surplus interest are recognised at year-end.
4. Interest revenue is recognised as it accrues and accounted for on a monthly basis.
5. Other revenue is recognised at the time the transaction is recorded.

1(j) Resources received free of charge or for a nominal value

Resources received free of charge or for a nominal value, which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

1(k) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

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

The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the statement of financial position.

1(l) Recoverable amount of non-current assets valued on cost basis

The carrying amounts of non-current assets valued on the cost basis, are reviewed to determine whether they are in excess of their recoverable amount at balance date. If the carrying amount of a non-current asset exceeds its



recoverable amount, the asset is written down to the lower amount. The write-down is recognised as an expense in the net profit or loss in the reporting period in which it occurs.

Where a group of assets working together supports the generation of cash inflows, recoverable amount is assessed in relation to that group of assets.

In assessing recoverable amounts of non-current assets the relevant cash flows have not been discounted to their present value, except where specifically stated.

1(m) Impact of Adopting Australian Equivalents to International Financial Reporting Standards

The Public Trustee is in the process of transitioning its accounting policies and financial reporting from current Australian Accounting Standards (AGAAP) to Australian equivalents of International Financial Reporting Standards (AIFRS), which will be applicable for the financial year ended 30 June 2006. In 2004, the Public Trustee allocated internal resources to conduct impact assessments to identify key areas that would be impacted by the transition to AIFRS. As a result, priority has been given to the preparation of an opening balance sheet in accordance with AIFRS as at 1 July 2004, the Public Trustee's transition date to AIFRS. This will form the basis of accounting for AIFRS in the future, and is required when the Public Trustee prepares its first fully AIFRS compliant financial report for the year ended 30 June 2006.

Set out below are the key areas where accounting policies are expected to change on adoption of AIFRS and our best estimate of the quantitative impact of the changes as at the date of transition and 30 June 2005.

The figures disclosed are management's best estimates of the quantitative impact of the changes as at the date of preparing the 30 June 2005 financial report. The actual effects of transition to AIFRS may differ from the estimates disclosed due to (a) ongoing work being undertaken by the AIFRS project; (b) potential amendments to AIFRS and Interpretations thereof being issued by the



standard-setters and IFRIC; and (c) emerging accepted practice in the interpretation and application of AIFRS and UIG Interpretations.

**(a) Estimate of assets to be presented under AGAAP to that under AIFRS for the Public Trustee Common Fund Account**

Under AASB 107 Cash Flow Statements short-term money market investments that are convertible to cash but not at the investor's option are to be recognised as cash. Consequently more items may be considered as cash in accordance with AASB 107 than under AASB 1026. AASB 107.7 defines cash equivalents as held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. For an investment to qualify as a cash equivalent it must be readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. Therefore, an investment normally qualifies as a cash equivalent only when it has a short maturity of three months or less from the date of acquisition. AASB107.9 Cash flow excludes movements between items that constitute cash or cash equivalents because these components are part of the cash management of an entity rather than part of its operating, investing and financing activities. Cash management includes the investment of excess cash in cash equivalents. The estimated impact of this difference will be an increase in current assets of cash and cash equivalents of \$230,000,000 and a decrease in non current assets of \$230,000,000.

**(b) Adjustments of equity as presented under AGAAP to that under AIFRS**

No material impacts are expected to the value of equity under AGAAP on adoption of AIFRS.

**(c) Adjustments of net profit under AGAAP to that under AIFRS.**

No material impacts are expected to the net profit presented under AGAAP on adoption of AIFRS.

**(d) Adjustments to AIFRS Statement of Cash Flows for the year ended 30 June 2005 for the Public Trustee Common Fund Accounts.**



As per (a) above it is estimated the value of cash & cash equivalents will increase \$230,000,000, to reflect the broader interpretation of Cash & Cash Equivalents under AIFRS to AGAAP.

**Note 2.            *Events Occurring Subsequent to Balance Date***

There has not arisen in the interval between the end of financial year and the date of this report, any item, transaction or event of a material or unusual nature is likely, in the opinion of the Public Trustee, to affect significantly the operations of the Public Trustee, results of those operations or the state of affairs of the Public Trustee in future financial years. AR (Nina) McLaren announced her retirement from the Office of Public Trustee and Accountable Officer effective from November 2005. Sean Conlin, Director of Client Services will be Acting Public Trustee.

**Note 3.            *Write Offs***

The amount of \$38,099 represents losses incurred during the administration of estates and trusts, which have been written off in accordance with Section 45 of the *Financial Administration and Audit Act*.

	2005	2004
	\$	\$
Write Offs	38,099	28,458



**Note 4. Resources Received Free of Charge from the Department of Justice**

The operational costs of the Public Trustee are funded from the Public Trust Administration program of the Department of Justice.

A breakdown of the resources provided free of charge to the Public Trustee is as follows:

	2005	2004
	\$	\$
<b>Operating Expenses</b>		
Salaries	6,788,160	6,392,938
Superannuation and pension	1,101,620	954,364
Computer Services	271,459	253,574
Administration expenses	1,869,907	1,791,185
Accommodation expenses	899,659	1,046,560
Corporate Service expenses	1,076,759	1,019,082
	<u>12,007,564</u>	<u>11,457,703</u>

**Note 5. Fees paid to the Consolidated Fund**

Fees received during the year are paid to the Consolidated Fund in accordance with Section 38(1) of the *Public Trustee Act*.

	2005	2004
	\$	\$
Fees paid to the Consolidated Fund	<u>7,456,073</u>	<u>7,221,800</u>

**Note 6. Public Trustee Common Fund Surplus Interest**

Following the payment of interest to trusts, estates and to the Public Trustee (includes Public Trustee 6% fee), any surplus earnings are deemed to be Surplus Common Fund Interest. As detailed in Note 7, the Public Trustee may determine to pay some into the Consolidated Fund (Section 40(4)(c) of *Public Trustee Act*), determine to retain a portion as reserves or elect to leave as retained profit.

	2005	2004
	\$	\$
Public Trustee Common Fund Surplus Interest	<u>1,092,432</u>	<u>1,632,260</u>



**Note 7. Equity**

(a) Reserves

The Public Trustee has determined to retain a portion of the earnings as reserves. Funds that have been set aside to meet possible future liabilities of the Public Trustee have been transferred to reserves.

Details of the Reserves are as follows:

	Note	2005 \$	2004 \$
<b>Total Reserves</b>			
Opening balance		7,802,194	6,736,229
ADD Transfer to Reserves		677,481	1,160,340
LESS Transfer from Reserves		(8,000)	(94,375)
Closing balance		<u>8,471,675</u>	<u>7,802,194</u>
		2005 \$	2004 \$
<b>Represented by:</b>			
<b>Indemnity Reserve</b>			
Opening Balance		2,623,262	2,464,922
ADD Transfer to Reserves		177,481	160,340
LESS Transfer from Reserves		(8,000)	(2,000)
Closing Balance	7(a)(i)	<u>2,792,743</u>	<u>2,623,262</u>
<b>General Reserve</b>			
Opening Balance		2,530,000	1,530,000
ADD Transfer to Reserves		500,000	1,000,000
LESS Transfer from Reserves		-	-
Closing Balance	7(a)(ii)	<u>3,030,000</u>	<u>2,530,000</u>
<b>Superannuation Reserve</b>			
Opening Balance		2,648,932	2,741,307
ADD Transfer to Reserves		-	-
LESS Transfer from Reserves		-	(92,375)
Closing Balance	7(a)(iii)	<u>2,648,932</u>	<u>2,648,932</u>
Total Balance of Reserves		<u>8,471,675</u>	<u>7,802,194</u>



7(a)(i) Indemnity Reserve

The Public Trustee Indemnity Reserve has been established to meet possible future liabilities of the Public Trustee in lieu of payment to the Consolidated Fund.

7(a)(ii) General Reserve

The purpose of the General Reserve is to provide for future anticipated capital requirements. It also includes amounts previously held in the computer replacement and furniture reserves.

7(a)(iii) Superannuation Reserve

The Consolidated Fund is liable to meet the superannuation liability of the Office of the Public Trustee in accordance with Section 39 of the *Public Trustee Act*.

In 1988 State Treasury approved the establishment of a "Superannuation Fund" to meet future superannuation commitments of the Consolidated Fund in relation to employees of the Public Trustee. Part of the surplus of the Common Fund, which is otherwise payable to the Consolidated Fund under Section 40 of the *Public Trustee Act* is, with Treasury approval, set aside in the "Superannuation Fund". Payments are made to the Consolidated Fund by way of statutory contributions, some time in the future when the superannuation costs become due.

Superannuation for the employees of the Office is provided through the appropriate Western Australian Government Superannuation Schemes. Initially it was the Superannuation and Family Benefits Act Scheme (SFBAS) established under the *Superannuation and Family and Benefits Act* 1938.

A new lump sum scheme, the Government Employees Superannuation Act Scheme (GESAS), was established on 1 July 1987 under the *Government*



*Employees Superannuation Act 1987. Members of the SFBAS were given the option of transferring to this new scheme.*

(b) Retained Profits

	2005	2004
	\$	\$
Opening balance	597,658	1,218,850
Net profit	578,226	444,773
Transfer to reserves	(677,481)	(1,160,340)
Transfer from reserves	8,000	94,375
Closing balance	506,403	597,658

*Note 8      Accrued Fees*

	2005	2004
	\$	\$
Current		
Accrued fees payable to the Consolidated Fund	275,843	247,893

*Note 9      Tax Liabilities*

	2005	2004
	\$	\$
Current		
GST payable	170,424	174,056

*Note 10      Notes to the Statement of Cash Flows*

(a) Reconciliation of Cash

All Public Trustee funds held within the Public Trustee Common Fund Account are available at call. Cash at the end of the financial year, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

	2005	2004
	\$	\$
Investment in Common Fund	9,424,345	8,821,801



(b) Reconciliation of profit from ordinary activities to net cash flows provided by operating activities:

	2005	2004
	\$	\$
Loss from ordinary activities before grants and subsidies	(11,429,338)	(11,012,930)
Non-cash items:		
Salaries	6,788,160	6,392,938
Superannuation and pension	1,101,620	954,364
Computer services	271,459	253,574
Administration expenses	1,869,907	1,791,185
Accommodation expenses	899,659	1,046,560
Corporate Service expenses	1,076,759	1,019,082
Reclassification:		
Fees paid to the Consolidated Fund	7,456,073	7,221,800
Surplus Common Fund Interest paid to the Consolidated Fund	1,092,432	1,632,260
Net GST receipts/(payments)		
Change in GST in payables	(3,632)	15,739
Net cash provided by operating activities	9,123,099	9,314,572

(c) Non-cash Financing and Investing Activities

During the year, there were no assets / liabilities transferred / assumed from other government agencies not reflected in the Statement of Cash Flows.

***Note 11. Remuneration and Retirement Benefits of Members of the Accountable Authority and Senior Officers***

Remuneration of Members of the Accountable Authority

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received, or due and receivable, for the financial year, fall within the following bands are:



	2005	2004
\$120,001 - \$130,000	-	1
\$130,001 - \$140,000	1	-
Total remuneration of the members of the Accountable Authority is:	\$138,289	\$121,070

The superannuation included here represents the superannuation expense incurred by the Authority in respect of members of the Accountable Authority.

AR (Nina) McLaren announced her retirement from the Office of Public Trustee and Accountable Officer effective from November 2005. Sean Conlin, Director of Client Services will be Acting Public Trustee until a replacement has been appointed.

No members of the Accountable Authority are members of the Pension Scheme

#### Remuneration of Senior Officers

The number of senior officers other than members of the Accountable Authority, whose total of fees, salaries, superannuation and other benefits received, or due and receivable, for the financial year, fall within the following bands:

	2005	2004
\$ 80,001 - \$ 90,000	-	2
\$ 90,001 - \$100,000	2	1
\$100,001 - \$110,000	1	-
\$110,001 - \$120,000	1	2
Total remuneration of Senior Officers is:	\$407,700	\$497,402

The superannuation included here represents the superannuation expense incurred by the Authority in respect of Senior Officers other than senior officers reported as members of the Accountable Authority.

No Senior Officers are members of the Pension Scheme.



**Note 12.      *Remuneration of Auditors***

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
The total fees paid (GST exclusive) or due and payable to the auditors of the Authority for the financial year are:		
Fees to the Auditor General	<u>73,000</u>	<u>70,000</u>

**Note 13.      *Contingent Liabilities***

In addition to the liabilities incorporated in the financial statements, the Authority has four matters where litigation against the Public Trustee may result. They involve potential claims for damages to the value of \$544,000 inclusive of court costs.



**Note 14. Additional Financial Instruments Disclosures**

Fixed interest rate maturities							
	Weighted average effective interest rate	Floating Interest rate	1 year or less	1 to 5 years	Over 5 Years	Non interest bearing	Total
30 June 2005	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Investment in Common Fund	5.91	9,424	-	-	-	-	9,424
Total financial assets		9,424	-	-	-	-	9,424
<b>Financial Liabilities</b>							
Accrued fee		-	-	-	-	276	276
Tax liabilities		-	-	-	-	170	170
Total financial liabilities		-	-	-	-	446	446
<b>Net financial assets / (liabilities)</b>		9,424	-	-	-	(446)	8,978

Fixed interest rate maturities							
	Weighted average effective interest rate	Floating Interest rate	1 year or less	1 to 5 years	Over 5 Years	Non interest bearing	Total
30 June 2004	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Investment in Common Fund	5.63	8,822	-	-	-	-	8,822
Total financial assets		8,822	-	-	-	-	8,822
<b>Financial Liabilities</b>							
Accrued fee		-	-	-	-	248	248
Tax liabilities		-	-	-	-	174	174
Total financial liabilities		-	-	-	-	422	422
<b>Net financial assets / (liabilities)</b>		8,822	-	-	-	(422)	8,400



(a) Interest Rate Risk Exposure

The Authority's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments, as above.

(b) Credit Risk Exposure

The State Government guarantees all financial assets of the Public Trustee and therefore no credit risk exists in respect of those amounts.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in note 1 to the financial statements.

**Note 15.            *Related Bodies***

The Public Trustee is a Statutory Authority. However, its operational expenses are appropriated by Parliament to the Public Trust Administration, which is a division of the Department of Justice. Financial assistance was provided during the year – refer Note 4. Full details on the financial operations of the Public Trust Office are detailed in the Department of Justice Annual Report.

**Note 16.            *Financial Reporting by Segments***

Disclosure of outcome results in terms of Treasury Instruction 1101 is not required because the Public Trustee operates predominantly in one industry as defined in Paragraph 2 of Australian Accounting Standard 16.



**Note 17. Indian Ocean Territories**

**Christmas Island and Cocos (Keeling) Island**

An agreement negotiated between the Commonwealth and the State Government, enables trustee services to be provided to both communities on a cost recovery basis.

The Commonwealth Government meets any shortfall between our normal fees charged for trustee services and our hourly rates. There were no visitations made to the islands during the financial year.

Statement of Receipts and Expenditure for the year ended 30 June 2005:

Opening Balance	Revenue	Expenditure	Closing Balance
\$	\$	\$	\$
6,509	-	(483)	6,026

**Note 18. Explanatory Statement**

18(a) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year

Details and reasons for significant variations between actual results with the corresponding items of the preceding year are detailed below. Significant variations are considered to be those greater than 10% and \$100,000.

	2005 \$	2004 \$	Variance \$
<b>Revenue</b>			
Public Trustee Common Fund Surplus Interest	1,092,432	1,632,260	(539,828)
<b>Expenses</b>			
Superannuation and pension	1,101,620	954,364	(147,256)
Accommodation expenses	899,659	1,046,560	146,901
Surplus Common Fund Interest paid to Consolidated Fund	1,092,432	1,632,260	539,828



### **Public Trustee Common Fund Surplus Interest**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Fund Interest. As detailed in Note 7, the Public Trustee determined to pay a reduced amount into the Consolidated Fund and retain a higher portion as reserves and retained profit.

### **Superannuation and pension**

The retirement of a member of the Government Employees Superannuation Scheme (Gold State) resulted in an additional expense during 2005 for the Employer Contribution component of their superannuation payment.

### **Accommodation expenses**

2004 expenditure included carryovers from 2003 of \$277,000 for refurbishments. 2005 only included \$68,000 in carryovers a net expenditure decrease of \$209,000.

### **Surplus Common Fund Interest paid to Consolidated Fund**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Fund Interest. As detailed in Note 7, the Public Trustee determined to pay a reduced amount into the Consolidated Fund and retain a higher portion as reserves and retained profit.

### **18(b) Significant variations between estimates and actual results for the financial year**

Section 42 of the *Financial Administration and Audit Act* 1985 requires statutory authorities to prepare annual budget estimates. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results.

Details and reasons for significant variations between estimates and actual results are detailed below. Significant variations are considered to be those greater than 10% of estimates and \$100,000.



	2005 Estimates \$	2005 Actual \$	Variance \$
<b>Revenue</b>			
Fees raised from Estates and Trusts	5,860,400	6,501,515	641,115
Public Trustee Common Fund Surplus Interest	1,740,000	1,092,432	(647,568)
<b>Expenses</b>			
Transfer of Reserves to Dept of Treasury & Finance	2,648,932	-	2,648,932
Superannuation and pension	646,259	1,101,620	(455,361)
Accommodation expenses	755,785	899,659	(143,874)
Corporate Services expenses	1,346,897	1,076,759	270,138
Surplus Common fund interest paid to Consolidated Fund	1,740,000	1,092,432	647,568

#### **Fees raised from Estates and Trusts**

The variance is due to an increase in fees collected from both Estates and Trusts, resulting from increases in both Estate values and income commission generated from increased external client investment.

#### **Public Trustee Common Fund Surplus Interest**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Fund Interest. As detailed in Note 7, the Public Trustee determined to pay a reduced amount into the Consolidated Fund and retain a higher portion as reserves and retained profit.

#### **Transfer of Reserves to Dept of Treasury & Finance**

It was intended that the Public Trustee's Superannuation Reserve was to be transferred to the Department of Treasury and Finance and they were to assume all unfunded superannuation liabilities, this did not eventuate in 2005.

**Superannuation and pension**

The variance is the effect of expense and revenue budget offsets, rather than a budget transfer of Superannuation (Pension) Liability, which has now been assumed by the Department of Treasury and Finance.

**Accommodation expenses**

The variance is due to continued expenses associated with the building maintenance and refurbishment program.

**Corporate service expenses**

The variance is due to a reduction in corporate services costs allocated by the Department of Justice.

**Surplus Common Fund Interest paid to Consolidated Fund**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Fund Interest. As detailed in Note 7, the Public Trustee determined to pay a reduced amount into the Consolidated Fund and retain a higher portion as reserves and retained profit.

***Note 19. Estates and Trusts under Administration***

The following statement of assets held and/or liabilities incurred in a trustee capacity is prepared in accordance with Treasurer's Instruction 1103 (14)(ii). It includes all assets realised and non-realised which are under the control and administration of the Public Trustee.



**Statement of Estates and Trusts being administered as at 30 June 2005:**

**NET TRUST ASSETS UNDER ADMINISTRATION WERE:**

		<b>2005</b>	<b>2004</b>
		<b>\$</b>	<b>\$</b>
<b>ESTATES AND TRUSTS</b>	<b>Note</b>		
Deceased Estates		103,490,224	104,635,266
Direct Action		2,132,578	2,080,573
Entitled Trusts		221,327,420	203,565,638
Protected Management		135,221,332	123,611,437
Testamentary Trusts		48,869,639	47,796,211
Power of Attorney		23,270,734	24,875,282
Trusts		17,127,281	10,434,703
Safe-care		7,109,451	7,653,231
<b>NET TOTAL TRUST ASSETS</b>		<b>558,548,659</b>	<b>524,652,341</b>
<b>REPRESENTED BY:</b>			
<b>INVESTMENTS AND LOANS</b>			
Investments in Common Fund	20(g)	243,686,183	248,364,569
Bank deposits		30,012,831	29,677,121
Equities	19(i)	44,890,963	41,153,828
Unit Trusts	19(i)	77,536,727	52,313,839
Life Policies	19(ii)	1,615,096	1,374,636
Real Estate	19(iii)	154,971,440	148,452,365
Other Assets	19(iv)	13,713,786	11,970,872
Total Investment and Loan Assets		566,427,026	533,307,230
<b>TOTAL TRUST ASSETS</b>		<b>566,427,026</b>	<b>533,307,230</b>
Deduct			
<b>CURRENT LIABILITIES</b>			
Creditors		5,117,196	5,882,189
Loans		1,159,565	1,113,122
Mortgages – Deceased estates		342,733	592,565
Total Current Liabilities		6,619,494	7,587,876
<b>NON CURRENT LIABILITIES</b>			
Mortgages – Trust estates		1,258,873	1,067,013
Total Non Current Liabilities		1,258,873	1,067,013
<b>TOTAL TRUST LIABILITIES</b>		<b>7,878,367</b>	<b>8,654,889</b>
<b>NET TRUST ASSETS</b>		<b>558,548,659</b>	<b>524,652,341</b>



### **Basis of Valuation(s):**

(i) **Equities and Unit Trusts**

For deceased estates the valuation is at the date of death. In other matters, the valuation for equities is at 30 June 2005 and sourced from market publications. Valuation of unit trusts is recorded at cost.

(ii) **Life Policies**

Life policies have been valued on the basis of the surrender value supplied by relevant insurance companies.

(iii) **Real Estate**

Deceased estate valuations are conducted by registered valuers, with values effective at the date of death. In other matters, real estate is shown at last valuation, cost or estimated value. Where estimates are made, appropriate Public Trustee personnel assess the value at time of inspection.

It is not the policy of the Public Trustee to regularly value real estate since it is considered an unnecessary expense to impose on the client.

(iv) **Other Assets**

Deceased estates valuation is at the date of death. In other matters, valuation is either at the date the Public Trustee was appointed manager, administrator, new trustee or at the date of acquisition. Valuations are at cost or estimated disposal value.

For items of minor value (eg. personal effects, furniture and other chattels) the beneficiaries' estimates are usually accepted. For more valuable items such as jewellery and motor vehicles, valuations from a registered jeweller or use of the Red Book Guide, are adopted.



**Note 20. Public Trustee Common Fund Account**

The following financial statements of the Public Trustee Common Fund Account are prepared in accordance with the Public Trust Office Trust Statement No. 13.

**20(a) PUBLIC TRUSTEE COMMON FUND ACCOUNT  
STATEMENT OF FINANCIAL PERFORMANCE  
For the year ended 30 June 2005**

	Note	2005 \$	2004 \$
<b>REVENUE</b>			
<b>Revenue from ordinary activities</b>			
Income on Investments		16,618,320	15,360,277
Doubtful Debts recovered		10,170	13,912
Increment from revaluation of investment		712,405	-
Total revenue from ordinary activities		17,340,895	15,374,189
<b>EXPENSES</b>			
<b>Expenses from ordinary activities</b>			
Doubtful Debts		71,059	30,030
Investment expenses		709,023	706,139
Public Trustee's fee		954,558	879,248
Interest paid to Estates and Trusts	20(d)	11,980,279	10,505,205
Interest paid to the Public Trustee		496,191	447,810
Total expenses from ordinary activities before payments to Consolidated Fund		14,211,110	12,568,432
Payments to the Consolidated Fund (via Public Trustee)		1,092,432	1,632,260
Total expenses from ordinary activities		15,303,542	14,200,692
<b>NET PROFIT</b>		<b>2,037,353</b>	<b>1,173,497</b>
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>			
		<b>2,037,353</b>	<b>1,173,497</b>

The Statement of Financial Performance should be read in conjunction with the accompanying notes.



20(b) **PUBLIC TRUSTEE COMMON FUND ACCOUNT**  
**STATEMENT OF FINANCIAL POSITION**  
*As at 30 June 2005*

	Note	2005 \$	2004 \$
<b>Current Assets</b>			
Cash at Bank	20(i)(a)	7,194,978	24,092,157
Debtor		78,408	66,969
Accrued Mortgage Fees		7,491	58,630
Advances to Estates	20(e)	31,547	50,377
Accrued Interest		1,859,368	1,233,078
<b>Total Current Assets</b>		9,171,792	25,501,211
<b>Non-Current Assets</b>			
Investments	1(b), 20(f)	263,522,561	249,181,858
<b>Total Assets</b>		<b>272,694,353</b>	<b>274,683,069</b>
<b>Current Liabilities</b>			
Fees & Accrued Taxation		12,123	25,000
Creditors		834	220
Stamp Duty Recouped		390	405
Interest Received in Advance		21,600	21,573
Public Trustee Funds	10(a)	9,424,345	8,821,801
Accrued Interest due to Estates and Trusts		2,941,621	2,879,597
<b>Total Current Liabilities</b>		12,400,913	11,748,596
<b>Non-Current Liabilities</b>			
Estates & Trusts under Administration	1(c), 20(g)	243,686,183	248,364,569
<b>Total Liabilities</b>		<b>256,087,096</b>	<b>260,113,165</b>
<b>NET ASSETS</b>		<b>16,607,257</b>	<b>14,569,904</b>
<b>Equity</b>			
General Reserve	20(h)(a)	15,482,380	13,482,380
Retained Profits	20(h)(b)	1,124,877	1,087,524
<b>TOTAL EQUITY</b>		<b>16,607,257</b>	<b>14,569,904</b>

The Statement of Financial Position should be read in conjunction with the accompanying notes.



20(c) **PUBLIC TRUSTEE COMMON FUND ACCOUNT**  
**STATEMENT OF CASH FLOWS**  
*For the year ended 30 June 2005*

	Note	2005 Inflows (Outflows) \$	2004 Inflows (Outflows) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Income on Investments		14,955,615	14,602,032
Doubtful Debts recovered		10,170	13,912
<b>Payments</b>			
Interest paid to Estates and Trusts		(11,980,279)	(10,505,205)
Interest paid to the Public Trustee		(496,191)	(447,810)
Investment expenses		(709,023)	(706,139)
<b>Net Cash provided by operating activities</b>	20(i)(b)	<u>1,780,292</u>	<u>2,956,790</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for short term investments		(15,000,000)	(45,000,000)
Proceeds from maturing mortgages		2,276,360	9,233,618
Payment for building improvements		(911,898)	(375,697)
<b>Net cash provided by/(used in) investing activities</b>		<u>(13,635,538)</u>	<u>(36,142,079)</u>
<b>CASH FLOWS FROM ESTATES, TRUSTS &amp; PUBLIC TRUSTEE</b>			
Surplus Common Fund Interest paid to the Public Trustee		(1,092,432)	(1,632,260)
From Public Trustee's liability		602,544	502,729
From Estates and Trusts		(4,552,045)	19,158,743
<b>Net cash provided by estates, trusts &amp; Public Trustee</b>		<u>(5,041,933)</u>	<u>18,029,212</u>
<b>Net increase/(decrease) in cash held</b>		<b>(16,897,179)</b>	<b>(15,156,077)</b>
Cash assets at the beginning of financial year		24,092,157	39,248,234
<b>Cash assets at the end of the financial year</b>	20(i)(a)	<u><b>7,194,978</b></u>	<u><b>24,092,157</b></u>

**The Statement of Cash Flows should be read in conjunction with the accompanying notes.**

Cash flows in respect of Investments, Estates and Trusts and Public Trustee equity have been reported on a net basis in accordance with Australian Accounting Standards No. 28 Statement of Cash Flows, Paragraph 8.1.



**20(d) Interest Paid to Estates and Trusts**

Interest is distributed to Estates and Trusts on 1 April and 1 October each year in accordance with Section 40(4)(b) of the *Public Trustee Act 1941*.

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
Interest paid to Estates and Trusts	<u>11,980,279</u>	<u>10,505,205</u>

**20(e) Advances to Estates**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
<b>Current</b>		
Advances to Estates	68,931	85,251
Less Provision for Doubtful Debts	(37,384)	(34,874)
<b>Total</b>	<u><b>31,547</b></u>	<u><b>50,377</b></u>

**20(f) Investments (Common Fund)**

	<b>2005</b>	<b>2004</b>
	<b>\$</b>	<b>\$</b>
(i) At Cost:		
Money Market Securities	230,000,000	215,000,000
Mortgage Loans	24,122,561	26,406,161
	<u>254,122,561</u>	<u>241,406,161</u>
(ii) At fair value:		
Land and Building	9,400,000	7,775,697
<b>Total</b>	<u><b>263,522,561</b></u>	<u><b>249,181,858</b></u>

A revaluation of land and buildings was performed in June 2005 in accordance with an independent valuation by the Valuer General's Office. The valuation was performed on the basis of current market values of the freehold interest in the Public Trust Building encumbered by the existing leases. The valuation was made in accordance with a regular policy of a revaluation being performed on a three-year basis, with an annual assessment by management – refer note 1(b)(iii).



Reconciliation of the carrying amount of property at the beginning and end of the current and previous financial year is:

	2005	2004
	\$	\$
Carrying amount at beginning of year	7,775,697	7,400,000
Additions	911,898	375,697
Revaluation increment/(decrement)	712,405	-
Carrying amount at end of year	<u>9,400,000</u>	<u>7,775,697</u>

20(g) **Estates and Trusts Under Administration**

	2005	2004
	\$	\$
<i>Activity</i>		
Deceased Estates	32,959,985	37,031,119
Direct Action	1,864,898	1,841,240
Entitled Trusts	98,257,883	105,489,141
Protected Management	59,764,290	58,622,539
Testamentary Trusts	21,724,642	19,910,777
Power of Attorney	9,975,843	10,310,651
Trusts	12,029,191	7,505,870
Safe-care	7,109,451	7,653,232
<b>Total estates and trusts under administration</b>	<u><b>243,686,183</b></u>	<u><b>248,364,569</b></u>

The above amounts represent the realised value of estate and trust assets presently held in the Public Trustee Common Fund.

20(h) **Equity**

(a) Reserves	2005	2004
	\$	\$
<b>General Reserve</b>		
Opening balance	13,482,380	12,282,380
ADD Transfer to Reserves	2,000,000	1,200,000
Closing balance	<u>15,482,380</u>	<u>13,482,380</u>



The General Reserve is used to stabilise interest paid to estates, to meet losses on investments and maintain Common Fund assets.

(b) Retained Profits	2005 \$	2004 \$
Opening balance	1,087,524	1,114,027
Net profit	2,037,353	1,173,497
Transfer (to)/from reserves	(2,000,000)	(1,200,000)
Closing balance	<u>1,124,877</u>	<u>1,087,524</u>

## 20(i) Notes to the Statement of Cash Flows

### (a) Reconciliation of Cash

For the purpose of the Statement of Cash Flows, cash includes cash at bank. Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2005 \$	2004 \$
Cash	<u>7,194,978</u>	<u>24,092,157</u>

### (b) Reconciliation of profit from ordinary activities to net cash flows provided by operating activities.

	2005 \$	2004 \$
Profit from ordinary activities	2,037,353	1,173,497
<u>Non-cash items:</u>		
Payments to the Consolidated Fund	1,092,432	1,632,260
Increment from revaluation of investment	(712,405)	-
<u>Decrease/(Increase) in assets:</u>		
Debtor	(11,439)	(66,969)
Accrued interest	(626,290)	248,492
<u>(Decrease)/Increase in liabilities:</u>		
Creditors	614	(33,053)
Interest received in advance	27	2,563
Net cash provided by operating activities	<u>1,780,292</u>	<u>2,956,790</u>

### (c) Non-cash Financing and Investing Activities

During the year, there were no assets / liabilities transferred / assumed from other government agencies not reflected in the Statement of Cash Flows.



20(j) Additional Financial Instruments Disclosure

			Fixed Interest Rate Maturities				
	Weighted average effective interest rate	Floating Interest rate	1 year or less	1 to 5 years	Over 5 Years	Non interest bearing	Total
30 June 2005	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Cash at Bank	5.30	7,195	-	-	-	-	7,195
Debtor		-	-	-	-	78	78
Accrued Mortgage Fees		-	-	-	-	7	7
Advances to Estates		-	-	-	-	32	32
Accrued interest		-	-	-	-	1,859	1,859
Investments:							
Securities	5.56	-	230,000	-	-	-	230,000
Mortgages	7.87	-	7,497	16,626	-	-	24,123
Property		-	-	-	-	9,400	9,400
Total Financial Assets		7,195	237,497	16,626	-	11,376	272,694
<b>Financial Liabilities</b>							
Fees & Accrued Taxation		-	-	-	-	12	12
Creditors		-	-	-	-	1	1
Stamp Duty		-	-	-	-	1	1
Interest in Advance		-	-	-	-	22	22
Public Trustee Funds	5.91	9,424	-	-	-	-	9,424
Accrued Interest		-	-	-	-	2,942	2,942
Estates & Trusts							
Estates	3.00	2,907	-	-	-	-	2,907
Estates	3.25	22,084	-	-	-	-	22,084
Estates	3.50	7,827	-	-	-	-	7,827
Trusts & Other	4.80	32,164	-	-	-	-	32,164
Trusts & Other	5.40	127,366	-	-	-	-	127,366
Trusts & Other	5.80	51,337	-	-	-	-	51,337
Total Financial Liabilities		253,109	-	-	-	2,978	256,087
Net Financial Assets/(Liabilities)		(245,914)	237,497	16,626	-	8,398	16,607



			Fixed Interest Rate Maturities				
	Weighted average effective interest rate	Floating Interest rate	1 year or less	1 to 5 years	Over 5 Years	Non interest bearing	Total
30 June 2004	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>							
Cash at Bank	5.09	24,092	-	-	-	-	24,092
Debtor		-	-	-	-	67	67
Accrued Mortgage Fees		-	-	-	-	59	59
Advances to Estates		-	-	-	-	50	50
Accrued Interest		-	-	-	-	1,233	1,233
Investments:							
Securities	5.28	-	215,000	-	-	-	215,000
Mortgages	7.54	-	19,208	7,198	-	-	26,406
Property		-	-	-	-	7,776	7,776
Total financial assets		24,092	234,208	7,198	-	9,185	274,683
<b>Financial Liabilities</b>							
Fees & Accrued Taxation		-	-	-	-	25	25
Creditor		-	-	-	-	1	1
Stamp duty		-	-	-	-	1	1
Interest in advance		-	-	-	-	21	21
Public Trustee funds	5.63	8,822	-	-	-	-	8,822
Accrued interest		-	-	-	-	2,879	2,879
Estates	3.00	3,251	-	-	-	-	3,251
Estates	3.25	25,784	-	-	-	-	25,784
Estates	3.50	7,856	-	-	-	-	7,856
Trusts & Other	4.30	31,468	-	-	-	-	31,468
Trusts & Other	5.30	120,259	-	-	-	-	120,259
Trusts & Other	5.70	59,746	-	-	-	-	59,746
Total financial liabilities		257,186	-	-	-	2,927	260,113
<b>Net Financial Assets/(Liabilities)</b>		<b>(233,094)</b>	<b>234,208</b>	<b>7,198</b>	<b>-</b>	<b>6,258</b>	<b>14,570</b>



(a) Interest Rate Risk Exposure

The Common Funds exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments, as above.

(b) Credit Risk Exposure

Government guarantees all financial assets of the Common Fund and therefore no credit risk exists in respect of those amounts. In addition, insurance is taken out to cover the building and also professional indemnity insurance cover for staff involved with management of Common Fund investments.

(c) Net Fair Values

The carrying value of financial assets and liabilities recorded in the financial statements are not materially different to their net fair values determined in accordance with accounting policies disclosed in the following Notes; 1(b), 1(h).

20(k) Explanatory Statement

Comparison of Actual Results with those of the Preceding Year

Details and reasons for significant variations between actual revenue and expenditure and the corresponding item of the preceding year are detailed below.

Significant variations are considered to be those greater than 10% and \$100,000.

	2005	2004	Variance
	\$	\$	\$
Increment from revaluation of investment	712,405	-	712,405
Interest distributed to clients	11,980,279	10,505,205	(1,475,074)
Payments to Consolidated Fund (via Public Trustee)	1,092,432	1,632,260	539,828



*Increment from revaluation of investment*

The variance is due to an increment on revaluation of Public Trust Building in June 2005 (refer notes 1(b) (iii) and 20 (f) (ii)). In accordance with current building valuation policy a revaluation was not performed in June 2004.

*Interest distributed to clients*

The variance is due to a rising interest rate market and subsequent higher rate of return allocated to Trust clients.

*Payments to Consolidated Fund (via Public Trustee)*

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be surplus Common Fund Interest. As detailed in Note 7, The Public Trustee determined to pay a reduced amount into the Consolidated Fund (Section 40(4)(c) of *Public Trustee Act*), and retain a higher portion as reserves and retained profit.



## **OPINION OF THE OFFICE OF THE AUDITOR GENERAL**



## **CERTIFICATION OF PERFORMANCE INDICATORS**

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Public Trustee's performance, and fairly represent the performance of the Public Trustee for the financial year ended 30 June 2005.

**Sean Conlin**

B Bus, Grad. Dip Bus, CA  
Acting Accountable Officer

31 August 2005



## PERFORMANCE INDICATORS

### OUTCOME: EQUITABLE ACCESS TO TRUSTEE SERVICES FOR ALL WESTERN AUSTRALIANS

Equitable access to trustee services for all Western Australians is a crucial element in maintaining an orderly community. Providing trustee services is the responsibility of the Public Trust Office.

The Public Trustee is a statutory authority within the provisions of the *Financial Administration and Audit Act*. It provides a funds management and investment service through the operations of the Common Fund - an at-call investment facility backed by the State - and acts as trustee or financial administrator pursuant to the orders of courts or tribunals. It also administers the estates of people who die with or without a will, in accordance with the terms of the will or the relevant law and under the authority of the Supreme Court.

The Public Trustee offers high quality, personalised trustee services to meet the needs of all sectors of the Western Australian community.

Key performance indicators have been selected to measure the office's effectiveness and efficiency in fulfilling the duties of the *Public Trustee Act*.

#### Key Output/Service 1. Trustee services

##### Description:

Trustee services include:

- Administering estates of people who die with or without a will (estate administration);
- Managing the financial affairs of people who are unable or unwilling to manage their financial affairs (trust management);
- Preparing wills and powers of attorney for people who wish to appoint the Public Trustee as their executor or donor (wills); and



- Examining the accounts of administrative orders (this has been transferred to the Public Trust Office from the Guardianship and Administration Board).

These services are available to all Western Australians irrespective of profitability or complexity.

## Effectiveness

### 1.1 Extent to which trustee services meet the needs of clients

This indicator measures the level of client satisfaction with the quality of trustee services provided. In 2005 Patterson Market Research were engaged to conduct a telephone survey among a random sample of the Public Trustee client base. The sample client base parameters consisted of:

- Clients who are aged between 18 and 80 years;
- Clients who have a current account in the 2005 financial year; and
- Clients who are capable of making meaningful comment, that is, those who are known not to be suffering from dementia or in a comatose state, etc.

Based on the above definition, a random sample of 1,460 clients was generated and selected, representing a cross-section of clients who use the various trustee services provided by the Public Trustee.

	2000	2001	2002	2003	2004	Actual 2005	Target 2005
Extent to which trust management services meet the needs of customers	88%	75%	71%	80%	76%	76%	80%

#### Notes:

- 1 The survey covered several criteria of customer satisfaction, including aspects of reliability and customer service attributes.
- 2 A total of 401 were surveyed yielding a sampling precision of +/- 4.9% at 95% confidence interval.



## 1.2 Number of estates relative to the number of adult (18 years and over) deaths in Western Australia

This indicator measures the Public Trust Office's performance in the market to monitor its success in providing an estate administration service for all Western Australians.

The Public Trustee administers estates regardless of whether it is appointed executor or not. Some estates do not require formal administration but still require work to get assets registered in the survivor or beneficiaries name, e.g. joint assets and/or nominal bank accounts.

This indicator represents the number of estates/deaths reported as a percent of the number of adult deaths in Western Australia.

In 2005, 1,716 estates were referred to the office, and 16% of all estates of people who died in 2005 were referred to the Public Trustee, either as executor of the estate or the beneficiaries of the estate sought the assistance of the office. The Public Trust Office aimed to reach a target of 15%.

	2000	2001	2002	2003	2004	Actual 2005	Target 2005
Number of estates relative to the number of adult (18 years and over) deaths in Western Australia.	23%	19%	15%	18%	16%	16%	15%

Note: The percentages reported for 2003 and 2004 have been amended.

	2001	2002	2003	2004	Actual 2005	Target 2005
Number of adult deaths in WA	10,301	10,749	11,074	11,175	10,929	N/A
Number of deceased estates referred	1,9 23	1,6 42	1,9 65	1,815	1,716	N/A

Note: The reported numbers of adult deaths in Western Australia for 2002, 2003 and 2004 have been amended from those previously reported. It was identified that the previously reported number of deaths for these years included both adult and juvenile deaths.



### 1.3 Extent to which the Public Trustee maintains a market share in drawing wills naming the Public Trustee as executor

The Public Trustee operates in a commercial environment offering services that can be provided by numerous professional service providers.

This indicator represents the number of people who died during the year who had a will prepared naming the Public Trustee as executor. It is shown as a percent of the total number of adult deaths in Western Australia.

In 2005, the Public Trustee administered 1,460 estates that named the Public Trustee as executor. The Public Trustee's market share for this period was 13%.

	2000	2001	2002	2003	2004	Actual 2005	Target 2005
Extent to which Public Trustee maintains a market share in drawing Wills naming the Public Trustee as executor	20%	16%	13%	15%	14%	13%	14%

Note: The reported percentages for 2003 and 2004 have been amended.

	2001	2002	2003	2004	Actual 2005	Target 2005
Number of adult deaths in WA	10,301	10,749	11,074	11,175	10,929	N/A
Number of estates in which the Public Trustee had prepared a Will.	1,666	1,432	1,621	1,535	1,460	N/A

Note: The reported numbers of adult deaths in Western Australia for 2002, 2003 and 2004 have been amended from those previously reported. It was identified that the previously reported number of deaths for these years included both adult and juvenile deaths.



#### 1.4 Percent of estates finalised within 12 months of being reported

This indicator provides a measure of success from a client's perspective, of the average time taken to administer an estate.

Issues such as life interests, taxation, family disputes and testator family maintenance actions contribute to the time taken to close an estate, which are outside the control of the Public Trust Office.

The average time taken to complete an estate, if completed within twelve months, was 5.64 months, based on the date of final completion.

	2000	2001	2002	2003	2004	Actual 2005	Target 2005
Percent of estates finalised within 12 months of being reported							
▪ Within 12 months	69%	76%	49%	54%	62%	67%	62%
▪ Within 9 months	53%	62%	28%	40%	52%	56%	47%
▪ Within 6 months	29%	42%	2%	22%	35%	41%	35%

Note: The improved result across all three parameter is largely due to the reduction in deceased estate files allocated.

#### Efficiency

#### 1.5 Cost per trust managed

This indicator measures the cost of managing a trust, calculated by dividing the total cost of providing trust management services by the number of trusts under management.

This indicator is presented in an index format. The base index of 100 was set in 1995.

	2000	2001	2002	2003	2004	Actual 2005	Target 2005
Cost per trust managed	186	209	217	200	214	237	232



	2001	2002	2003	2004	Actual 2005	Target 2005
Number of trusts managed	4,785	4,820	4,915	4,847	4,846	5,125

Note: The Public Trustee's client demand for Trust Management Services is subject to market forces, which directly affects cost efficiencies.

### 1.6 Cost per deceased estate administered and cost per will prepared

The deceased estate administration service comprises two main cost areas, which have been separated in this indicator to provide a clear indication of the costs involved.

This indicator is presented in an index format. The base index of 100 was set in 1995.

	2000	2001	2002	2003	2004	Actual 2005	Target 2005
Cost per deceased estate administered	198	188	210	187	238	202	217

Note: The unit cost reduction is directly proportional to the increase in all estates administered (includes both deceased estates and estate related trusts).

	2001	2002	2003	2004	Actual 2005	Target 2005
Number of deceased estates administered	3,227	3,023	3,183	2,635	2,941	2,700

Note: Due to an improvement in automated reporting the number of deceased estates administered now includes all deceased estates, as well as estate related trusts which were previously not included.

	2000	2001	2002	2003	2004	Actual 2005	Target 2005
Cost per will prepared	146	180	226	204	222	273	222

Note: the index cost has exceeded target due to a combination of a 14% increase in costs and a 6% reduction in the number of wills drawn.

	2001	2002	2003	2004	Actual 2005	Target 2005
Number of wills prepared	4,849	4,043	4,188	4,063	3,832	4,100

Note: Wills drawn did not reach target due to increased competition from DIY will kits.



## 1.7 Common Fund Indicators

### Effectiveness

Of critical importance to potential customers is the rate of interest paid on their funds. Our clients expect a reasonable return on their funds, and our effectiveness in achieving these objectives can be measured by a comparison of our rates with those offered by other investment institutions.

### Common Fund Earning Rate

The returns paid by the Public Trustee's Common Fund to clients after deducting expenses, and those paid by comparable "at call" investment institutions are as follows:

As at 30 June	Public Trustee Deceased Estates	Other Trusts	Investment Agencies	Other Savings Bank Investments ** (>\$15,000)	Bank A/C Call Deposits** (<\$15,000)	Cash Management Trust **
	%	%	%	%	%	%
1998	4.50	3.50 & 5.50	3.50 & 5.00	0.15	0.15	4.40
1999	4.50	3.50 & 5.50	3.50 & 5.50	0.10	0.10	4.10
2000	4.00	3.50, 4.50 & 5.50	3.50 & 5.50	0.40	0.20	5.25
2001	3.50	3.50, 4.00 & 5.00	4.00 & 5.00	0.05	0.05	4.50
2002	3.25	3.75, 4.50 & 4.75	3.75, 4.50 & 4.75	0.00	0.00	3.65
2003	3.00	3.75, 4.50 & 4.75	3.75, 4.50 & 4.75	0.00	0.00	3.90
2004	3.00, 3.25 & 3.50	4.30, 5.30 & 5.70	4.30, 5.30 & 5.70	0.00	0.00	4.75
2005	3.00, 3.25 & 3.50	4.80, 5.40 & 5.80	4.80, 5.40 & 5.80	0.00**	0.00**	4.25**

(\*\*As published in the Reserve Bank Bulletin – July 2005 issue)



All funds invested in the Public Trustee's Common Fund are "at call".

During the year the Public Trustee's Common Fund continued to remain competitive against other comparable at call funds.

**Public Trustee's Common Fund Performance versus WA State Treasury and CMT Benchmark Earning Rates (On a net basis).**

In order to generate sufficient income to enable an attractive rate of interest to be paid to clients, all monies deposited to the Common Fund are invested in the open market. The principal aim of the service is to achieve an attractive earning rate that maximises the investment potential of the fund within acceptable prudential levels.

A comparison of the performance with WA State Treasury's earning rate on the Public Bank Account and the earning rate of three leading cash management trusts (CMT) is as follows:

	1999	2000	2001	2002	2003	2004	2005
	%	%	%	%	%	%	%
Treasury Earning Rate	5.38	5.35	5.93	4.64	4.93	5.11	5.44
CMT Benchmark Rate	4.74	5.08	5.86	4.48	4.67	4.99	5.41
Public Trustee Common Fund	6.61	6.07	6.55	5.46	5.49	5.63	5.91

In the twelve months to 30 June 2005, the Public Trustee Common Fund achieved a net return of 5.91% on the investment of the funds comprising the Common Fund. Average funds under management for the year to 30 June totalled \$269.32 million.



## Efficiency

### *Common Fund Investment Cost per Dollar Invested*

The Public Trustee is responsible for the management and investment of the funds that comprise the Common Fund, as well as funds invested in the financial market. At 30 June 2005 the average value of the Common Fund for the year was \$269.32 million, with a further \$122.43 million invested in the financial market on behalf of individual clients.

The cost of managing these funds in 2005 was \$398,414\* or 0.10% of the mean value of the funds under management.

Comparative cost for:	2004 was \$370,269* or 0.10%
	2003 was \$420,186* or 0.13%
	2002 was \$425,638* or 0.14%
	2001 was \$407,896* or 0.15%
	2000 was \$376,970* or 0.15%
	1999 was \$398,043* or 0.16%
	1998 was \$378,532* or 0.17%

(\* Costs include expenses incurred by all officers involved in the management of the fund including on-costs such as rent and electricity as well as superannuation and payroll tax. For 2005, on-costs were charged at 66% of direct salary).



## **OPINION OF THE OFFICE OF THE AUDITOR GENERAL**



## ESTIMATES 2006

### PUBLIC TRUSTEE STATEMENT OF FINANCIAL PERFORMANCE *For the year ended 30 June 2006*

	ESTIMATES 2006 \$	ACTUAL 2005 \$
<b>REVENUE</b>		
<b>Revenue from ordinary activities</b>		
Fees raised from Estates & Trusts	5,602,800	6,501,515
Public Trustee 6% fee from Common Fund	938,200	954,558
Receipts from Common Fund surplus interest	1,738,000	1,092,432
Interest	549,100	496,191
Other Revenue	120,000	120,134
Total revenue from ordinary activities	8,948,100	9,164,830
<b>EXPENSES</b>		
<b>Expenses from ordinary activities</b>		
Write Offs	20,000	38,099
Salaries	7,127,200	6,788,160
Superannuation and pension	1,082,000	1,101,620
Computer Services	253,600	271,459
Administration expenses	1,910,000	1,869,907
Accommodation expenses	557,900	899,659
Corporate Service expenses	1,121,000	1,076,759
Total expenses from ordinary activities before transfers to Consolidated Fund	12,071,700	12,045,663
Fees paid to the Consolidated Fund	6,541,000	7,456,073
Surplus Common Fund Interest paid to Consolidated Fund	1,738,000	1,092,432
Total expenses from ordinary activities	20,350,700	20,594,168
<b>Loss from ordinary activities before grants and subsidies from Government</b>	(11,402,600)	(11,429,338)
Grants and Subsidies from Government		
Resources received free of charge from the Department of Justice	12,051,700	12,007,564
Net Profit	649,100	578,226
<b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS</b>	<b>649,100</b>	<b>578,226</b>



**PUBLIC TRUSTEE**  
**STATEMENT OF FINANCIAL POSITION**  
*For the year ended 30 June 2006*

	<b>ESTIMATES 2006 \$</b>	<b>ACTUAL 2005 \$</b>
<b>Current Assets</b>		
Investment in Common Fund	9,977,178	9,424,345
<b>Total Current Assets</b>	9,977,178	9,424,345
<b>Total Assets</b>	<b>9,977,178</b>	<b>9,424,345</b>
<b>Current Liabilities</b>		
Accrued fees payable to the Consolidated Fund	200,000	275,843
Tax liabilities	150,000	170,424
<b>Total Current Liabilities</b>	350,000	446,267
<b>Total Liabilities</b>	<b>350,000</b>	<b>446,267</b>
<b>NET ASSETS</b>	<b>9,627,178</b>	<b>8,978,078</b>
<b>Equity</b>		
Indemnity reserve	2,923,380	2,792,743
General reserve	3,530,000	3,030,000
Superannuation fund reserve	2,574,374	2,648,932
Retained profits/(accumulated losses)	590,424	506,403
<b>TOTAL EQUITY</b>	<b>9,627,178</b>	<b>8,978,078</b>