

PUBLIC TRUSTEE

ANNUAL REPORT

2001-2002



***To The Honourable Jim McGinty MLA
Attorney General***

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 2002

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

A.R. (Nina) McLaren

PUBLIC TRUSTEE

31 August 2002



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VISION

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

DIRECTION

At the Public Trust Office we aim to:

- Focus on the core services 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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Facsimile:	(08) 9221 1102
Internet site:	www.justice.wa.gov.au (Go to "Wills, Estates and Trusts")

THE PUBLIC TRUSTEE



The Public Trustee provides a comprehensive range of affordable, professional, secure and impartial trustee services to the people of Western Australia, and is a statutory authority within the provisions of the *Financial Administration and Audit Act 1985*. Trustee services comprise the provision of Trust Management, Estate Administration and Will Drawing services.

The Public Trustee ensures that all Western Australians have equitable access to trustee services regardless of ability to pay. The Public Trust Office, which is administered by the Public Trustee, has three main directorates: Client Services, Business Services and Corporate Support. A fourth directorate, Mortgage Information Service, was created in September 2000 on a project basis and ceased operation on 30 June 2002.

The key services offered are:

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 their 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.

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.

Mortgage Information Service

The service provided information, practical assistance and support to investors who suffered losses with failed finance brokers, and ceased operations on 30 June 2002.



HIGHLIGHTS

During 2001-2002, the Public Trustee:

- Implemented 'purpose-built' web-enabled software, providing the basis for increased efficiency and improved service delivery in the future;
- Successfully completed a full review and revision of all policies, procedures and delegations;
- Completed the final outstanding projects of the Business Process Re-engineering initiated in 1999, including the establishment of new team structures in Trust Management and Estate Administration; and
- Finalised the highly successful Mortgage Information Service, which was undertaken on a project basis to offer assistance and support to investors who had lost money through failed finance brokers.

THE FUTURE

In the year ahead, the Public Trustee will:

- Continue to refine the 'purpose-built' web-enabled software to realise greater efficiencies and improve services;
- Continue to evaluate all key services in order to ensure client service improvements are achieved and that continuous improvements are implemented to meet increasing community demands;
- Implement office renovations to accommodate the new team structures; and
- Introduce a customer feedback policy.

FROM THE PUBLIC TRUSTEE

In 2001/2002 saw the fruition of one of the most significant projects ever undertaken at the Public Trust Office – the introduction of purpose built, web enabled software for trust management and estate administration. The new system, dubbed MATE, went live on 10 December 2001 after six months of hard work spent customising the new system, testing modifications, and preparing existing data for conversion.

Over 25 staff participated in the project, many on a full-time basis. In a very real sense, all staff participated in the project. An organisation as small as the Public Trust Office cannot undertake a project of this magnitude and contribute so much staff time to the effort, without every staff member working to ensure that critical client services continue to be delivered in a timely fashion. It is a testament to all staff that they were able to undertake this project with only a minimal drop in service standards, as attested by this year's Client Satisfaction Survey.

Nevertheless, the work has continued beyond implementation date of 10 December, and there are still five staff involved full-time in testing minor enhancements, complex functionality, and training staff. The complexity of the work of the Public Trustee, which includes 13 different client types, with functions as disparate as multi-million dollar investments and the distribution of pocket money to pensioners, is reflected in our new software. It has been a long struggle to master the new system. I commend all staff on their success.

The implementation of MATE completes another of the projects initiated in 1999 that have transformed the Public Trust Office. The final project, the implementation of a new team structure in Trust Management and Estate Administration, was agreed in June and will be fully implemented by October 2002.

The new team structure is a product of long consultation with staff about the best way to provide services to clients and promote long-term relationships between each client and their Trust or Estate Manager. Minimising disruptions to these working relationships, generally caused by staff movements, is seen as the most effective way to improve the standard of our services, and



is expected to have an immediate and positive effect. We will emerge from this process as a more efficient, customer focussed and dynamic organisation.

In our bid to implement industry best practice, we completed a comprehensive review of all our policies, procedures and delegations, another project that was initiated in 1999. The Public Trust Office is an organisation with complex client requirements, a wide scope of business operations, and operates in a restrictive regulatory environment. Given these conditions, knowledge management is the key to maintaining and improving our services. With all our policies, procedures and delegations now available instantly via web based software on every desktop, we have the means to ensure that our business knowledge is up-to-date and fully accessible.

The Mortgage Information Service, begun in September 2000, completed its work on 30 June 2002. The service was immensely successful and very popular with investors, and received a commendation in the Royal Commission Report into the Finance Broking Industry. I would like to take this opportunity to recognise the crucial contribution of Nick Lugg, who was with the service from inception and understood every nuance of the many issues. Nick was loved and respected by clients and staff alike, and we are greatly saddened by his tragic and untimely death in June 2002. His energy and enthusiasm are greatly missed.

During the year, we delivered some practical improvements in customer service, including new ground-floor client meeting rooms. These provide an easily accessible and secure environment for meeting with clients, are more comfortable to negotiate for those with physical disabilities, and are easier for all clients to locate.

To provide certainty and security for employees, we accelerated staff appointments during 2000/2001 to fulfil the new structure. I am pleased to report that the process was completed as planned.

We are acutely aware that we operate in a commercial environment and external factors including social trends will continue to challenge us. The move towards private executors over the past several years, for example, has meant a significant fall in deceased estate business for the Public Trustee. This trend is expected to increase, particularly as the popularity of will kits and internet wills continues to rise. More and more, Western Australians want us to assist them with their own administration of an estate, rather than fully handing over the estate to the Public Trustee to administer.

Another significant trend is an increase in consumer expectations, as clients and stakeholders expect higher service levels, more in-depth services, and greater transparency and accountability in decision-making. This is particularly apparent in the area of Trust Management, where personalised services are quite rightly demanded by clients and supported by the Guardianship and Administration Board and the Ombudsman. The Public Trustee is successfully addressing this challenge, which requires additional staff and more training, and it will be the focus of service improvement initiatives in the coming years.

There is also an increase in the complexity of services offered to clients, as legal and investment matters become more technical over time. This has resulted in a severe drain upon the Public Trustee's legal, accounting, taxation and investment areas, and this trend is expected to continue. The job of a trustee is simply more difficult and more onerous than it used to be, as business matters become more complex.

There are two social trends that stand to make huge demands upon the Public Trust Office in coming years. First of all, the ageing of the population, resulting in more cases of dementia and



other age related illnesses that affect a person's decision-making capacity, will result in many more clients seeking the services of the Public Trustee.

Preliminary forecasts show some categories of new clients increasing by 5% to 6% per annum over the next ten years. Given that the Public Trustee must provide ongoing services to clients, sometimes for fifty years or more, the cumulative effect over the next ten years could be an increase of as much as 64% in certain client categories.

The last social trend, regrettably, is the loosening of family ties, which is expected to result in a greater reliance on the Public Trustee to provide services in lieu of family members. This trend is also expected to continue.

Such significant changes, both within the Public Trust Office and in our business environment, are a challenge for everyone. It is a credit to my colleagues that this transformation has only served to strengthen their commitment to customer service – delivered with care, diligence and impartiality.

In the year ahead, our focus will be firmly on service improvement, backed by our new business systems, very capable management and a committed Public Trust Office team. We also take this opportunity to reaffirm our commitment to the core business purposes of the Public Trustee, which are:

- To ensure 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;
- To ensure that all Western Australians have access to affordable professional estate administration services, regardless of the ability to pay, thereby ensuring a just and equitable resolution of deceased estate matters and minimising conflict and litigation; and
- To ensure 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 each Western Australian can be respected once they are no longer able to carry them out.

We know we also move into the year ahead with strong support from Mr Alan Piper, Director General of the Department of Justice, and his staff. I take this opportunity to thank them for their ongoing advice and assistance.

A.R. (Nina) McLaren
PUBLIC TRUSTEE





THE PUBLIC TRUST OFFICE - 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 track record in financial services and management, having held senior positions with ASGARD Capital Management Ltd and UWL Ltd.

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.

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.

CORPORATE SUPPORT

Wade Emmeluth

Wade Emmeluth holds a Bachelor of Business and Master of Business Administration. He joined the Public Trust Office in 1999, having previously worked in local government management. He brings to his position a proven track record in public sector management, having held management positions with the Town of Victoria Park and City of Perth. In January 2002 Wade was seconded to the West Coast College of TAFE and is due for return in December 2002.

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. For the past eight months he has held the position of Director Corporate Support whilst Wade Emmeluth has been on secondment.

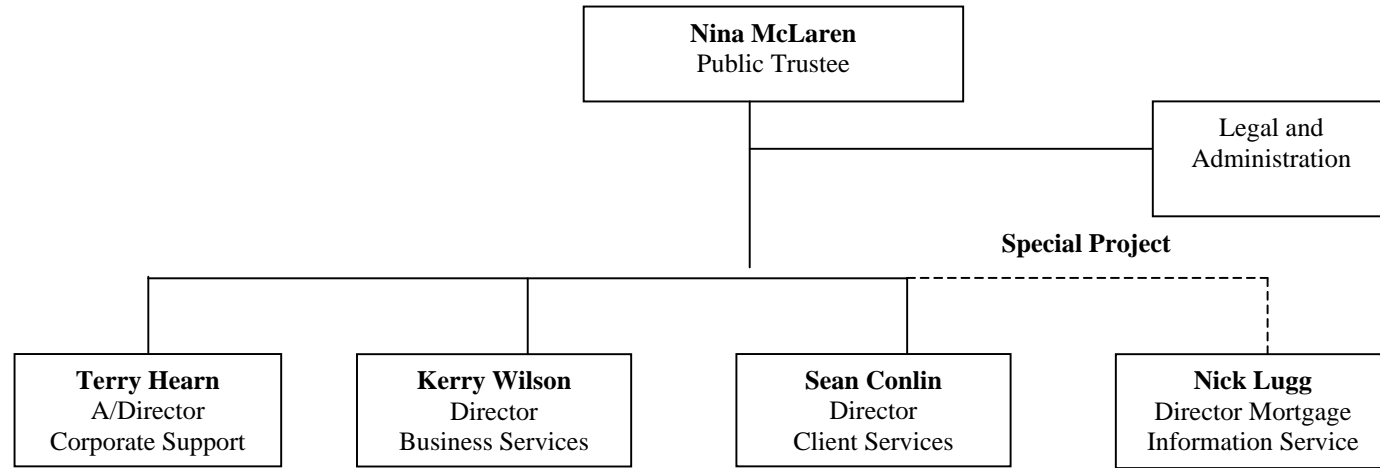
MORTGAGE INFORMATION SERVICE

Nick Lugg

Nick Lugg holds a Bachelor of Arts degree with postgraduate study in management and marketing. He has a background in both government and private business sectors, and was the WA State Manager of a publicly listed company before joining the Public Trust Office in 2000.



PUBLIC TRUST OFFICE MANAGEMENT



Provide support to the PTO and handle the interface and reporting to Department of Justice.

- Finance
- IT
- HR & Development
- Internal Audit

Provide expert advice and support for complex matters to Client Services.

- Tax
- Conveyancing
- Investments
- Contract Management
- Business Support
- Property

Service Public Trust Office' customers.

- Estate Management
- Trust Management
- Will Drawing
- Call Centre

Provide assistance to investors affected by losses on investments through the finance broking industry.

- Mortgage Information Service (funded to 30 June 2002)



CORPORATE GOVERNANCE

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

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.

The Public Trustee has recently reviewed the Corporate Governance structures with the assistance of Department of Justice Internal Audit. There were no areas of substantive deficiency identified.

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 Services.

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 Services, a representative from the Office of the Auditor General 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 and Manager Investments.

Investment Portfolio Committee

ROLE: Provides guidance to the Public Trustee in setting the approved investments vehicles for investment external to the Common Fund.

MEMBERSHIP: The Public Trustee, Director Business Services, Director Client Services, Manager Investments and two government representatives external to the Public Trust Office. The Committee takes specialist advice from the Public Trustee's nominated investment adviser.

Legal and Compliance Committee

ROLE: Develop an already strong compliance culture within the Office by providing a review and communication process regarding process and compliance issues, legislative changes, corporate legal matters and relationships with other agencies.

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

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 Business Services and 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 Management Committee (Executive Director Management)
- Corporate Services Executive Committee (Corporate Services Management)
- Web Steering Committee (Website Management)
- Compliance Management System Project Reference Group (Compliance)
- Customer Feedback Steering Group (Customer Service)
- Peak Consultative Committee (Industrial Relations)
- 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 Trust Office 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 person appointed to administer the office is called the 'Public Trustee' and is also a body corporate under that name. The Public Trustee is a Statutory Authority within the provisions of the *Financial Administration and Audit Act* and the Public Trust Office operates as a program of 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 the 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 Dependents Provision) Act* 1972
- ◆ *Wills Act* 1970
- ◆ *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 Attorney General for the administration of the *Public Trustee Act* 1941.



STATEMENT OF COMPLIANCE

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 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 which would render the particulars of this statement misleading or inaccurate.

A R (Nina) McLaren
PUBLIC TRUSTEE

31 August 2002



CLIENT SERVICES

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

- ◆ Estate Administration
- ◆ Trust Management
- ◆ Wills
- ◆ Call Centre

Estate Administration

The Estate Administration area is responsible for administering the estates of people who die with or without a will.

During the year, the Public Trustee continued its policy of encouraging and assisting beneficiaries of estates where there are only limited or nominal assets to take a more active role to save costs. This policy, and an increasing trend towards beneficiaries either administering the estate themselves or with the assistance of a solicitor, has contributed to a 14% decline in the number of applications made to the Supreme Court during the year.

Even though our market share declined by 4% (from 19% to 15%) during the year, revenue from Estate Administration has increased by approximately \$872,000 over the previous year. This increase is a result of the increase in the size of the estates being administered. This is reported in more detail in the financial reports which form part of this document.

Applications to the Probate Registry

	Public Trustee	Other	Total
1998	1208	3743	4951
1999	1065	3763	4828
2000	1047	3790	4837
2001	903	3688	4591
2002	780	3771	4751

NB: Statistics provided by the Supreme Court Probate Registry

CASE STUDY

Mr Barrack died intestate (ie without a will). Mr Barrack was born in Estonia and did not have any family residing in Australia. An Australian friend and members of his family, who were visiting Mr Barrack when he died, reported his estate to the Public Trustee.

Mr Barrack's assets comprised several properties, one of which was a rental property, investments in several unit trusts, bank accounts, a vehicle and trailer, furniture and effects and refunds from various organisations.

The entitlement of Mr Barrack's four brothers and sisters living in Estonia was proven and the Public Trustee was able to present these beneficiaries with a detailed schedule of assets and liabilities.

The beneficiaries wanted the properties sold, so the following action was taken by the Public Trustee:



- *arranged for replacement certificates of title for both of the properties as unfortunately the originals were unable to be located*
- *arranged for property repairs*
- *explained to the beneficiaries the process for dealing with properties in Western Australia*
- *suggested that the beneficiaries use a trusted friend in Western Australia as a spokesperson for matters relating to the sale of the properties*
- *arranged for market appraisals to be obtained on the properties*
- *obtained instructions from the beneficiaries*
- *sold both properties for amounts that exceeded the valuations*

Since the beginning of the administration three cash distributions have been paid to the beneficiaries as funds have become available and a deed prepared to allow cash gifts to be paid to friends in Australia.

After the fourth and final distribution was made, one of the beneficiaries wrote to the Public Trustee thanking the staff for keeping them informed about the progress of the administration.

Trust Management

The Public Trustee acts as trustee, manager, substitute trustee and administrator for people who are unable or unwilling to manage their own affairs.

The total number of new trusts (including appointments by the Guardianship and Administration Board) reported for administration declined. This year, they fell by 15% to approximately 427. The main source of new trust allocations was court trust appointments and Guardianship and Administration Board appointments. However, as a trust may continue for a number of years, the total number of trusts on hand continues to rise.

Total files on hand at year-end excluding extended deceased and minor trusts

2002	2001	2000	1999	1998
3690	3585	3529	3427	3323

The number of new court trusts allocated to trust managers for the year declined to 171. Court trust allocations originate mainly from the District Court and the Assessor of Criminal Injuries Compensation. The size of these trusts varies from several thousand dollars to several million dollars. The nature of the work involved in administering those trusts includes setting up investment portfolios, collecting income, working out budgets for the beneficiaries and attending to their accommodation and transport needs.

The number of people for whom the Public Trustee acts as administrator by appointment of the Guardianship and Administration Board continues to increase. This year, the Board referred 231 cases to the Public Trust Office. At year-end, there were 1,125 Guardianship and Administration Board files on hand, compared to 984 the previous year.

The increase in the Guardianship and Administration Board appointments may be attributable to the increase in the number of people in society with decision making disabilities, due in the most part to the ageing of the population. People whose affairs are



managed by the Public Trust Office sometimes suffer dementia, an intellectual disability, mental illness or brain damage, and are susceptible to neglect, abuse or exploitation by others.

The Public Trustee takes on the role of administrator, including making financial and legal decisions in the best interests of clients. The diversity of injuries and disabilities experienced by clients means specialist advisers are sometimes consulted to enable the Public Trustee to determine their needs and aspirations.

Ongoing communication with clients is achieved through meetings at the Public Trust Office and through nursing home and home visits by Trust Managers. During the year, Trust Managers interviewed 2,751 clients within the office, made 22 nursing home visits and made 57 home or other residential visits.

Trust managers also attended 246 hearings at the Guardianship and Administration Board.

Other sources of work for the Trust Management area include Agency appointment, Enduring Powers of Attorney and Inter Vivos trusts and testamentary trusts.

CASE STUDY

'Mr William' is an elderly gentleman who was deemed incapable by the Guardianship and Administration Board of handling his own financial affairs. The Public Trustee was appointed Plenary Administrator of Mr William's estate.

Upon her appointment, the Public Trustee set about examining Mr William's financial situation to determine what action, if any, needed to be carried out to protect and preserve Mr William's financial situation.

Upon investigation, it was revealed that Mr William's assets included three investment properties and a residential property.

One of the investment properties had been sold prior to the Public Trustee's appointment and was due to be settled soon after the Public Trustee was appointed. The Trust Manager's investigations revealed that there were two outstanding Supreme Court judgement debts against the property as well as two caveats lodged on the property. The Public Trustee proceeded to deal with these matters. The caveats were removed, the judgement debts were settled, an extension on the settlement date was obtained without any penalty interest being incurred, and a valuation was obtained to ensure the property was being sold for a realistic amount. The Trust Manager also obtained medical evidence confirming that Mr William had capacity to enter into the sale contract in the first place.

The residential property that Mr William had been living in had a work order placed on it by the local council. The Public Trustee proceeded to comply with the terms of the order including removing years of accumulated rubbish from the house and gardens.

As a result of our investigation's we were also able to locate a substantial sum of money hidden away in a bank account that belonged to Mr William.

As a result of a life threatening illness Mr William was admitted to hospital. The Public Trustee arranged for a registered nurse and carer to take Mr William out of the hospital on



excursions. The Trust Manager also arranged for the purchase of some suitable furniture for use by Mr William to make his life more comfortable.

Unfortunately, Mr William passed away as a result of his illness. As Mr William did not have any known immediate family, the Public Trustee took it upon themselves to perform some investigations to locate possible relatives to enable them to make some decisions about the administration of Mr William's estate.

After gleaning details of possible relatives from the back of old photographs found in Mr William's possessions, the Public Trustee sent 24 letters to different people in New Zealand. We have now been successful in locating a beneficiary to Mr William's estate.

Wills

The professional will drawing service offered by the Public Trustee is becoming less significant, in part because more and more people choose to use 'do it yourself' kits, or their solicitor to draw up their will. Nonetheless, at year's end, more than 100,000 wills were held in safe custody.

The Public Trustee continues to provide 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. The Wills on Wheels services continues to be provided to the critically infirm in hostels or nursing homes in the metropolitan area.

Call Centre

The new Call Centre, which became operational last financial year has continued to provide customers with a single first point of contact. Staff in the Call Centre can answer basic inquiries, book meetings with Client Services staff and mail out product and service information.

Staff and customer feedback will enable the Public Trust Office to fine-tune the Call Centre and ensure it delivers better service more efficiently.

The Future for Client Services

During the year, the Public Trust Office finalised the implementation of the recommendations of the business process review of 1999. Major business process re-engineering project achievements this year include:

- Purchasing and implementing 'purpose-built' web-enabled software;
- Completion of the appointment of staff to the positions in the proposed new operating structure;
- Developing and revising the outstanding policies and procedures and delegations; and
- Designing new team structures in the Estate Management and Trust Management areas of the Client Services Directorate.

In 2002-2003, the Client Services division will:

- Play its role in bedding down the 'purpose-built' web-enabled software implemented this year;
- Ensure staff are trained to maximise the potential of the new system to deliver improved customer service;



- Implement the new team structures within Trust Management and Estate Management; and
- Introduce a customer feedback policy.

BUSINESS SERVICES

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

- ◆ Investments
- ◆ Taxation Services
- ◆ Conveyancing
- ◆ Contract Management
- ◆ Business Support

During the year, the Business Services section was restructured to align with new business processes introduced as part of the new web enabled software application. This involved the creation of the Business Support section, which incorporates the previous Records Management section with parts of the Finance section.

In addition, the Legal Services section was transferred to the Public Trustee's staff, while many of the responsibilities of the Property section were devolved to trust and estate managers, with the remainder of duties becoming the responsibility of the Investments section.

Investments

The Investments section manages the investment of the Common Fund and the individual investment portfolios of the larger value trusts under administration. The Investment Manager also assists the trust and estate managers with any queries they may have with individual client files.

The Investments Committee monitors the daily operations of the Investment section. In addition, this committee reviews the performance of investments and provides strategic investment policy for the Office. It also acts as a review and approval panel for Common Fund mortgage applications.

The Investments section also supervises the preparation of individual portfolios for clients with investment needs that cannot be met through the Common Fund. These portfolios are prepared by a licensed financial planner under contract to the Public Trustee. 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, ensuring the investments are consistent with the needs of the client and the Trustee's responsibility. The total value of these individual portfolios exceeds \$60 million (2001 - \$45 million).

The mortgage portfolio of the Common Fund has been reduced, but remains a quality portfolio of commercial properties situated in the Perth metropolitan area. The competition for commercial mortgage lending business has been intense during the last financial year, with the major banking institutions willing to offer enhanced banking packages to win business.



Gross Assets Under Administration

	2001-2002	2000-2001
Investments in Common Fund	212,560,718	204,807,043
Bank Deposits	29,100,748	15,272,281
Shares	45,026,657	44,400,149
Unit Trusts	40,282,045	45,272,495
Life Policies	2,153,848	2,730,483
Real Estate	137,275,438	124,502,005
Other Assets	15,958,057	15,435,817
TOTAL:	482,357,511	452,420,272

The Property section was amalgamated into the Investments section over the course of the year and, as from 30 June 2002, all operations had been assumed by the Investments section or individual trust and estate managers.

The property function involves the sale, purchase and rental of properties on behalf of trust and deceased estate clients. To this end, the trust or estate manager liaises with the families and beneficiaries of trust and deceased clients to appoint a real estate agent and follows through on the terms of sale and negotiates the final sale price. The Investments section is responsible for checking contract documentation and, in conjunction with the Conveyancing section, for ensuring that the transaction is properly completed.

The new computer application has also enabled trust and estate managers to manage rental properties more efficiently and without assistance from the Investments section.

Property Transactions

	1998-99	1999-2000	2000-2001	2001-2002
Number of properties sold	211	130	146	157
Value of properties sold	\$29.4 m	\$19.06	\$23.4	\$24.9m
Average number of properties rented	177	155	115	101

Taxation Services

Taxation Services are provided by a Tax Manager who is a registered Tax Agent with more than 30 years experience in the industry. The Service oversees the preparation, review and electronic lodgement of all tax returns for both trust and estate administration clients. Work completed by the Public Trustee Office includes individual, partnership, business, company and trust returns. 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.

Workload for Taxation Services remained constant with Taxation Services lodging 1,107 returns (2001 – 1,155 returns) last year.



The Tax Manager also provides training for trust and estate managers and advises on complete tax matters to provide the most effective outcomes for trusts under administration.

CASE STUDY

'Mr Hay,' a young professional, was tragically killed in a car accident. The Public Trustee was appointed to administer his intestate estate. There was a large superannuation payment due to the estate and, as Mr Hay was single with no dependants, the payout would be taxed in the estate. Because of the nature of the payment, the trustee was liable to pay income tax at 30% - approximately \$35,000.

The Estate Manager referred the matter to the Public Trustee's Taxation Manager. Under questioning by the Taxation Manager, the multinational insurance company admitted that they had made an error. The original documentation was corrected so that the payment only attracted a 15% tax rate.

Mr Hay's parents, who were the beneficiaries of the estate, received an additional \$17,500 when the Public Trustee's Estate Manager made the final distribution.

Conveyancing

The Conveyancing section manages the conveyance of securities to the beneficiaries of trust and estate management estates. This is achieved by way of the preparation of Department of Land Administration (DOLA) documents, transfer of shares, deeds and settlements. This section is also responsible for the preparation and lodgement of applications for probate, together with any supporting evidence required. All documents for registration in the Public Trustee's mortgage portfolio are prepared and settlements attended to as required. With the amalgamation of the Property and Investment sections, the Conveyancing area now vets all contracts of sale prior to their referral to the beneficiaries for acceptance.

A conveyancing service delivery charter has been put into place, whereby all documents are to be prepared within five working days.

Online templates for the preparation of simple DOLA documents are currently being developed. When this new procedure is introduced it will enable trust and estate management staff to prepare simple DOLA documents with limited input from Conveyancing, thus enabling the section to provide additional training and support to the trust and estate management areas and for work to flow more efficiently.

The section continues to provide an exemplary, efficient and accurate document preparation service, which is reflected by the minimal number of requisitions received from the court, share registries and DOLA.

CASE STUDY

A granddaughter of 'Mrs St George' went to the Guardianship and Administration Board ('Board') requesting to be appointed the administrator of her grandmother's estate, as Mrs St George was unable to manage her own affairs.

At the hearing, it became clear that Mrs St George had contributed significantly to the purchase of a property that was registered in the granddaughter's sole name. The interest of Mrs St George was not noted on the title, or was not protected in any way, and the property had been sold with all proceeds to go to the granddaughter.

The Board appointed the Public Trustee as administrator instead of the granddaughter. At the same time they advised DOLA of the pending sale of the property. DOLA stopped any dealing on the land until they were satisfied that Mrs St George's interest had been considered.



With only three days left for settlement to be effected, solicitors from the Public Trustee's Legal Services section obtained agreement for the entire proceeds of sale to be paid to the Public Trustee on behalf of Mrs St George.

Within 24 hours the Conveyancing section liaised with the solicitor and DOLA, prepared all the necessary documents and arranged for collection of funds by the solicitor. The settlement was completed on time and the cheque for the proceeds delivered to the Public Trustee.

The day after the settlement was completed, Mrs St George died, which effectively ceased the Public Trustee's authority in the matter. The funds are now protected for all of the beneficiaries of Mrs St George's estate in the Public Trustee's Common Fund.

Contracts Management

Contracts Management is undertaken by the Contracts Manager, who oversees the letting and management of contracts for the provision of services and supplies to the Public Trust Office. Contracts fall within two broad groups. Firstly, those where the cost of purchasing goods and services for corporate needs is sourced from government funds and, secondly, those contracts where the cost of purchasing services are paid for from funds held on behalf of Public Trustee clients.

In both cases the contracts are managed in accordance with State Supply Policies and Guidelines and in accordance with Department of Industry and Technology 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 major change during the year was the creation of a Tender Committee whose function is to approve the awarding of contracts, where the cost of purchasing services are paid from funds held on behalf of Public Trustee clients, and to oversee the due diligence of all contracts. The Tenders Committee supports and provides guidance to the Contracts Manager.

During the year, the Committee approved the awarding of one contract (the provision of insurance services) where the cost of purchasing services are paid for from trust funds held on behalf of Public Trustee clients, and targeted enhanced auditing of contractor functions.

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. Specific future objectives are to develop business relationships and encourage the greater use of electronic communication and Electronic Funds Transfer (EFT).

Business Support

Business Support is a newly formed section in the Business Services Directorate, formed by the amalgamation of the Records Management section and those portions of the Finance section that provided data entry services.

Business Support carries out routine receipting and payments online. This new function, enabled by the MATE software application, allows 'one stop' handling of routine client payments, such as gas and electric bills. Invoices are entered, checked by the system and routed for payment approval in one electronic step. This has enabled the Business Support



officers to increase their business and system knowledge, add value to their existing work, and free trust and estate managers to deal with less routine matters.

Business Support also provides a file and mail service, which includes security storage of wills and other financially or economically sensitive documents. This ensures all information is accountable and flows smoothly within the office. In addition, the section handles the purchasing and asset management for all office needs, except computer and information technology items.

The Future for Business Services

In 2002-2003, the Business Services directorate will:

- Extend the file tracking and management system and introduce new functionality for legal files.
- Develop business relationships and encourage the greater use of electronic communication and Electronic Funds Transfer (EFT) in respect of contracts administered by the Public Trustee.

CORPORATE SUPPORT

Corporate Support 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 three main functions:

- Finance
- Human Resources
- Information Technology

Finance

The Finance section provides the internal financial and accounting services for the Public Trust Office. During the year, a new finance structure was introduced. It aims to provide a more responsive financial reporting framework for the overall organisation. New procedures, in line with the new computerised system, have been developed and these are to be incorporated into the Accounting Manual.

The new structure takes the emphasis off processing and increases the analytical and strategic functions of this section. A balance scorecard approach has been used to develop a range of performance measures, which form the basis of monthly reports. Recruiting for positions for the new structure was completed during the year.

CSO Funding Model

The Public Trustee has a large community service obligation (CSO) and has developed a model, which establishes the cost/price of delivering those services based on a variable set of assumptions. The model provides a more accurate understanding of the Public Trust Office's cost structure and the level of subsidy contributed by government to specific client groups.



Internal Audit

The 2001/2002 Internal Audit Plan gave heavy emphasis to the areas affected by the new trust accounting system implemented in December. Internal Audit conducted two reviews: a review of financial processes and a post implementation review. The reports identified opportunities for improvement in a number of areas, most of which were classified as moderate. Significant findings were the need for a more structured project closure and an alternative structure for addressing outstanding implementation issues.

In addition to these system related reviews, an in-depth review of Public Trustee corporate governance processes was also undertaken and completed in May 2002. While a number of opportunities were identified and future initiatives recommended, overall it was reported that the Public Trustee's current corporate governance processes are robust.

The Audit Committee, which oversees the management of the Internal Audit function, met once during the year to provide guidance and direction, review audit reports and recommend action to ensure maintenance of an efficient and effective internal audit function. At the end of the financial year, preliminary discussion had taken place to set the Internal Audit Plan for 2002 –2003, which is ready for review and endorsement by the Audit Committee.

Human Resources

Human Resources continues to work on improving the way the Public Trust Office manages and links planning with performance to ensure that the Office achieves its objectives.

New positions have been created as part of the new Public Trust Office structure and have been progressively filled throughout the year. The restructuring process is completed, with like to like placements being offered at all levels, and remaining positions have been advertised and filled in accordance with the Department of Justice policies and procedures.

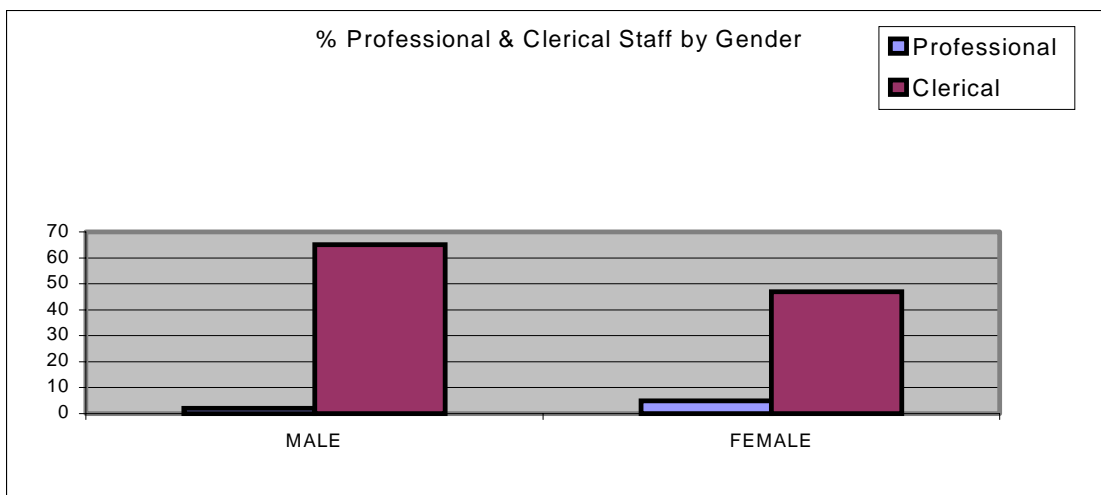
	1999/2000	2000/2001	2001/2002
Employee turnover	14%	20%	21%
Sickness absence	6.8days per employee per annum	9.7days per employee per annum	9.1 days per employee per annum

Number of Full Time Equivalent staff

The number of employees at the 30 June 2002 was 119 compared to 121 last year.

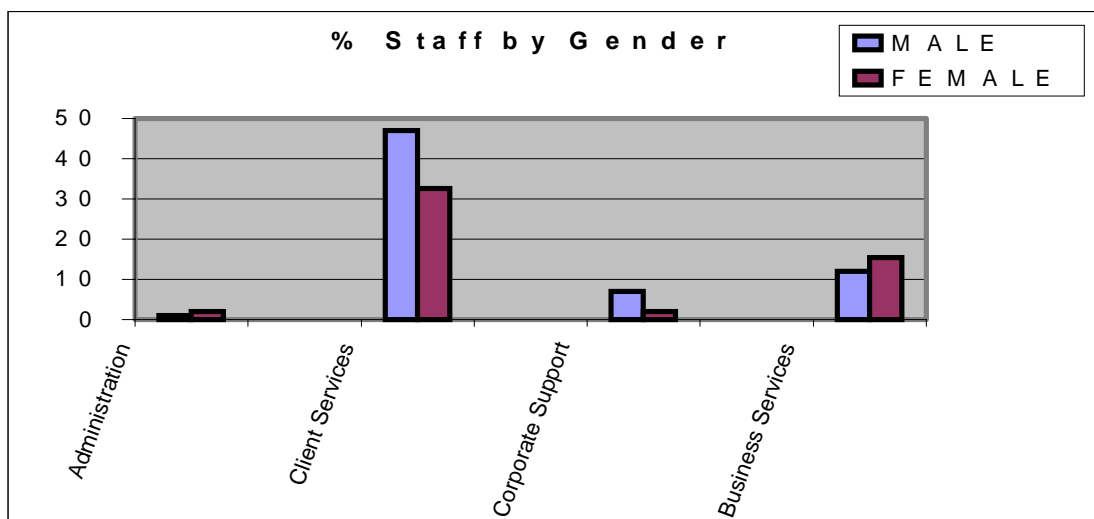
Employee Profile

	Male		Female		Total
Professional	2	28.57%	5	71.43%	7
Clerical	65	58.04%	47	41.96%	112
Total	67	56.30%	52	43.70%	119



Program Basis

	Male		Female		Total
	No.	%	No.	%	
Administration	1	33.33	2	66.67	3
Client Services	47	59.05	32.6	40.95	79.6
Corporate Support	7	77.78	2	22.22	9
Business Services	12	43.80	15.4	56.20	27.4
Total	67	56.30	52	43.70	119



Training and Development

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

- ◆ Approximately 27 managers attended a management development training day in April 2002 focussing on the post implementation of the new 'MATE' computer system, better service delivery, and external communications.



- ◆ Nine officers undertook various levels of training in Word training.
- ◆ Nineteen officers undertook various levels of training in Excel training.
- ◆ Eight officers undertook Recruitment & Selection training.
- ◆ Five officers undertook the Curtin University Management Development Program in Project Management or Leadership & Change Management.
- ◆ A Relieving/Training Officer position has been created to provide specific training for staff in the MATE computer system.

Succession Planning

The Public Trustee is acutely aware of the increased rate of staff turnover in the public service and a very healthy trend towards greater interchange between the private and public sectors. It has been reported that the national average rate of staff turnover in the trustee industry, for both private and public trustees, is 20%.

In recognition of this, and in the interests of good planning, a project is planned to commence early in 2003 which will identify key positions within the organisation and ensure that staff are adequately trained and skilled to protect the continuity and quality of service delivery.

Staff Communication

The policy of open communication with staff continued during the year, thus ensuring staff have the understanding 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;
- Staff briefings held regularly to discuss significant projects and issues currently being addressed; and
- A Reference Group comprised representatives from each section to provide feedback direct to the Public Trustee on the organisational change process.

Occupational Safety and Health

The Public Trustee recognises the importance of maintaining a safe and healthy work environment for all employees and 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. The Office is also represented on the Department of Justice's Employee Welfare Committee.

An employee assistance program provides staff with access to professional counselling for any personal or work related problems. In 2001-2002, thirteen employees or their family members used this service.

Information Technology

A new structure was introduced this year to support the new system and take our services into the 21st Century.

One facet of this realignment was to integrate the Public Trustee into the Department of Justice information technology (IT) infrastructure. They are now responsible for IT and infrastructure support. The new arrangement will result in the following benefits:

- Expanded management of IT as a result of the Department's Information Services Directorate providing project/contract management services and monitoring service delivery.
- Additional technical support which will be required to manage the new infrastructure; and
- The ability to draw upon the extensive resource/skill base of the Department of Justice, which will provide improved flexibility to respond to emerging IT needs.



A system administrator was recruited as part of the new structure and work has begun to appoint an Application Support Manager early in 2002-2003.

Implement New Computer System

The Public Trustee signed a contract with Unisys West Pty Ltd for a new computer system on 29 June 2001. This system went live in December 2001. Implementation of this \$1.6 million system took approximately five months and follows a two-year process to determine and tailor the best software for the Public Trust Office in Western Australia.

The new system, referred to as “MATE”, will deliver a range of efficiency and service benefits including:

- Real time processing that will allow trust officers to determine the true financial position of the client;
- Processing of payments and receipts on-line;
- Web-based navigation that will enable multiple screens to be accessed at one time;
- The capture of a broad range of information that will be validated and used for forms and letters, reducing the need for data entry;
- The maintenance of historical information about assets;
- A delegated level of payment authority that can be customised for every officer; and
- A single database, replacing the four databases currently being used by the Public Trust Office.

The new system is based on a system currently used by the Public Trustee of Queensland. The Public Trustee will look to work with the Public Trustee of Queensland to develop the software even further. A user group has been established to share ideas and identify areas of potential development.

MORTGAGE INFORMATION SERVICE

The Mortgage Information Service (MIS) was established by the Public Trust Office in September 2000 and was funded on a project basis to June 2002. The service was formed in response to the needs of confused investors with doubtful investments through finance brokers.

The service provided practical assistance and support to investors. Assistance with state and local instrumentalities was provided to determine the facts surrounding an investment, and assistance was also provided regarding the practicalities of organising a syndicate and arranging professional support. Investors were then empowered to find their own solutions.

Key Services

Information Searches - Since inception to 30 June 2002, the MIS made 1,520 enquiries with other agencies on behalf of troubled investors. In most cases the outcome of these enquiries was supplied to the investor the same day.

Meeting and Administrative Assistance - The MIS provided the venue, helped organise and distribute invitations, assisted in the preparation of agendas, and distributed the minutes of the meeting.

Mortgage Management, Legal Aid, and Liaison with Other Bodies - As syndicates become more involved in the management of the mortgage, they increasingly used the services of MIS for ongoing management purposes as they approached realisation of the investment.

Shared Information - The MIS provided a forum through which syndicates could learn from each other, share experiences, ideas and benefit from the knowledge gained by managing their respective interests.



Personal Contact - Personal contact with investors was a most important “key service”. Many investors were confused and feel helpless when first contact was made. MIS supplied factual and helpful information, but also lent a sympathetic ear.

Service Highlights

During the course of the project a number of outcomes illustrate the success of the MIS. These include:

ATO Advice - Consultation with stakeholders and government agencies resulted in a letter of advice being issued by the Australian Tax Office clarifying a particularly vexing question on the treatment of investment repayments.

Knightsbridge Investor Liaison Committee - The mortgagees and representatives from government agencies met over a period of months at the offices of the MIS and through such consultation developed an agreed position.

Inter governmental working group - The MIS coordinated state and federal agencies to form a working party. The group was responsible for the production of a number of newsletters with contributions from member agencies specifically addressing issues relevant to mortgagees.

Royal Commission Report - The MIS provided information to the Royal Commission into the Finance Broking Industry, and received a positive reference in the Commission’s final report.

PUBLIC TRUSTEE STAFF

The Public Trustee has direct staff in the areas of administration, project management, and legal services.



Legal Services

The Legal section is staffed by four full-time and two part-time solicitors and one law clerk, and 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.

The Legal section provides a comprehensive service similar to a private legal practice. For example, it may be required to assist a deceased estate trust manager in managing a business through the period of administration, provide advice on the construction of a complicated will or prepare a mortgage document. All of the legal officers conduct their own litigation, appearing in the Supreme, District, Local and Family Courts and before Boards, such as the Guardianship and Administration Board ("GAB").

The Principal Legal Officer is a member of the Non-Contentious Probate Rules Committee set up to advise the Supreme Court on amendments to the Rules and a committee set up to advise the Law Society on the impact of the Family Court Amendment Bill 2001 on probate law. She and the other legal officers regularly provide comment on proposed changes to legislation affecting our client base.

The caseload continues to increase as the number of cases referred by the GAB grows. The Public Trust Office legal officers provide advice when the Public Trustee is required to act as next friend for persons under a disability who are unable to instruct their own solicitors in legal proceedings. These clients may or may not have their financial affairs managed by the Public Trustee.

During the year, the introduction of a new file movement system has meant improved administration and, in the year ahead, plans to refine and extend the file movement system and implement litigation-tracking facilities through the new computer system being implemented office-wide will mean even more efficient administration of legal files.

As matters increase in complexity, there is a corresponding increase in demand for services to be provided to clients, particularly those referred by the GAB. When the legal officers do not have the resources or the expertise to handle certain matters, they outsource these matters to private practitioners or brief the counsel work to the independent bar. In effect, the Public Trustee provides a comprehensive legal service, often at no cost to the client, across a broad range of issues in a similar manner as any commercial legal firm.

CASE STUDY

'Ms Wellington' is an Aboriginal woman residing in an isolated community on an Eastern Goldfields reserve. Ms Wellington is profoundly disabled and requires full-time care as a result of a motor vehicle accident. The Public Trustee holds her damages award in trust for her.

She has the support of a loving and caring family with whom she has lived since the accident, but the family home is crowded and lacks wheelchair access and other facilities which she requires. Ms Wellington's family therefore applied to the Public Trustee to construct a purpose-built house.

At the time the file came to the Public Trustee's Legal Services section, plans for the proposed house had been completed but two fundamental problems had arisen. First, the terms upon which the Aboriginal Lands Trust was prepared to grant a residential lease were not, in the Legal Officer's opinion, in Ms Wellington's best interests. Second, the Legal Officer was not satisfied that the property was saleable, which is the only way that Ms Wellington could recover her investment if she had to move to Kalgoorlie or Perth for



medical treatment. The Public Trustee's policy on such investments could not be satisfied nor could the Supreme Court approval under the Trustees Act be assured.

Communications between the Public Trustee's Legal Officer and his counterpart at Aboriginal Lands Trust quickly resulted in the offer of a long-term lease on mutually agreeable conditions.

The Legal Officer then proposed an innovative 'joint venture' between the Public Trustee and the Department of Housing and Construction which would minimise the financial risk to the trust fund. The Department responded generously, agreeing to purchase the property from the trust on an agreed formula if Ms Adelaide vacated the house in the future. The Department went beyond the Public Trustee's expectations by offering to call tenders for Ms Adelaide's house in conjunction with other houses it was planning to build in the community.

The Legal Officer estimated that all necessary documentation and approvals could be obtained to take advantage of the Department's offer and the Public Trustee authorised the project to proceed. The lease was signed in time for acceptance of the successful tender, and a substantial saving was effected by the assistance of the Department. The Legal Officer successfully applied to a Judge of the Supreme Court for approval to construct the residence.

In all, four government agencies, an architect and project manager fully cooperated to successfully complete the project. Thanks to the Legal Officer's ability to formulate an achievable strategy, obtain commitments on the essential issues and bring together all elements within the required time frame, Ms Wellington has a home suited to her needs, and security for her trust fund.

OTHER DISCLOSURES

Advertising and Sponsorship

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

Advertising Agency (MJB&B Marketing)	\$18,663
Media Buying Agency	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

Freedom of Information

A total of four applications were received under the *Freedom of Information Act* in 2001-2002.

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.

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.

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, 386 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.

During the year, one person has trained to take on the role of Grievance Resolution Officer.

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

This year, 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. Similar to the previous year's research, a decrease in the level of satisfaction was reported. Details of the research conducted can be found in the Performance Indicators section of this report.



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 of 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:

♦ <i>Number lodged --</i>	<i>0</i>
♦ <i>Number of breaches --</i>	<i>0</i>
♦ <i>Number still under review --</i>	<i>0</i>

A R (Nina) McLaren
PUBLIC TRUSTEE

31 August 2002



CERTIFICATION OF FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2002

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 ending 30 June 2002 and the financial position as at 30 June 2002.

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 2002

A R (Nina) McLaren

MBA, B Arts

Accountable Officer

31 August 2002



FINANCIAL STATEMENTS

PUBLIC TRUSTEE

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 30 June 2002

	Note	2001-02 \$	2000-01 \$
REVENUE			
Revenue from ordinary activities			
Fees raised from Estates & Trusts	1(j)	5,198,914	4,222,362
Public Trustee 6% fee from Common Fund	1(j), 6, 20(a)	801,199	855,851
Receipts from Common Fund surplus interest	1(j), 6, 20(a)	2,322,297	2,333,000
Interest	1(j), 20(a)	382,796	427,111
Write-off recovered		9	-
Other Revenue	1(j)	86,243	61,191
Total revenue from ordinary activities		8,791,458	61,191
EXPENSES			
Expenses from ordinary activities			
Write Offs	3	14,777	42,819
Salaries	4	6,326,031	5,989,449
Superannuation and pension	4	1,000,527	1,484,679
Computer Services	4	147,478	49,391
Administration expenses	4	2,844,097	2,544,453
Accommodation expenses	4	524,643	470,284
Corporate Service expenses	4	750,580	510,964
Total expenses from ordinary activities		11,608,133	11,092,039
Loss from ordinary activities before payments to the Consolidated Fund		(2,816,675)	(3,192,524)
Fees paid to the Consolidated Fund	5	5,996,338	5,034,225
Surplus Common Fund Interest paid to Consolidated Fund	6	2,322,297	2,333,000
Loss from ordinary activities before grants and subsidies from government		(11,135,310)	(10,559,749)
Grants and Subsidies from Government			
Resources received free of charge from the Department of Justice	4, 15	11,593,356	11,049,220
NET PROFIT		458,046	489,471
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS			
		458,046	489,471

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



PUBLIC TRUSTEE
STATEMENT OF FINANCIAL POSITION

As at 30 June 2002

	Note	2001-02	2000-01
		\$	\$
Current Assets			
Investment in Common Fund	10(a)	7,760,146	7,420,053
Total Current Assets		<u>7,760,146</u>	<u>7,420,053</u>
Total Assets		<u>7,760,146</u>	<u>7,420,053</u>
Current Liabilities			
Accrued fees payable to Consolidated Fund	8	182,750	215,564
Tax liabilities	9	109,101	194,240
Total Current Liabilities		<u>291,851</u>	<u>409,804</u>
Total Liabilities		<u>291,851</u>	<u>409,804</u>
NET ASSETS		<u>7,468,295</u>	<u>7,010,249</u>
Equity			
Indemnity Reserve	7(a)(i)	2,409,736	2,232,982
General Reserve	7(a)(ii)	1,280,000	680,000
Superannuation Fund Reserve	7(a)(iii)	2,391,307	2,391,307
Retained profits	7(b)	1,387,252	1,705,960
TOTAL EQUITY		<u>7,468,295</u>	<u>7,010,249</u>

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 2002

	Note	2001-02 Inflows (Outflows) \$	2000-01 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees raised from Estates and Trusts		5,099,007	4,131,030
Public Trustee 6% fee		797,435	941,435
Common Fund surplus interest		2,322,297	2,333,000
Interest received from Common Fund		382,796	427,111
GST receipts on fees		689,254	416,409
Other Revenue		86,243	61,191
Payments			
GST payments on purchases		(50,205)	(63,944)
GST payments to taxation authority		(635,285)	(243,811)
Net Cash provided by operating activities	10(b)	8,691,542	8,002,421
CASH FLOW PROVIDED TO GOVERNMENT			
Fees paid to Consolidated Fund	5	(6,029,152)	(5,208,357)
Surplus Common Fund interest	6	(2,322,297)	(2,333,000)
Net Cash provided to Government		(8,351,449)	(7,541,357)
Net increase in cash held		340,093	461,064
Cash assets at the beginning of the financial year		7,420,053	6,958,989
Cash assets transferred from other sources		-	-
Cash assets at the end of the financial year	10(a)	7,760,146	7,420,053

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 2002

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) General Statement

- (i) The financial statements are prepared in accordance with the *Financial Administration and Audit Act 1985 (FAAA)*.
- (ii) The financial statements constitute a general-purpose financial report, which has been prepared in accordance with Australian Accounting Standards (AAS) 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 FAAA and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over AAS 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 effect are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention subsequent to initial recognition, with the exception of certain investment assets, which have been measured on the fair basis in accordance with the option under AAS 38(5.1). (see notes 1(b)(iii) and 20(f)(iii)).

1(b) Non-Current Assets

The Public Trustee applied revised AAS 38 Revaluation of Non-Current Assets for the first time from 1 July 2000. The adoption did not result in any changes in the accounting policies from the preceding year. Investments have been brought to account as follows:

- (i) 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 are recorded at lending cost and remain fixed for the term of the loan.
- (iii) The building is recorded at market valuation - refer note 20(f)(iii). There was a change in accounting policy in 1999/00 whereby the building was recorded at cost but is now recorded at fair value. Future revaluations will be performed on a regular three-year basis but will be assessed by management on an annual basis as to whether there is a need to conduct a valuation prior to the expiration of this period. The revaluation is undertaken by the Valuer General's Office for the Government Property Register and is 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

Reserves are 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's Financial Statements (refer Note 4 & 15).

1(g) 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(h) Comparative Information

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

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

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

1(l) 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.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows.



1(m) 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.

Note 2. Events Occurring Subsequent to Balance Date

There has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material or unusual nature 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.

Note 3 Write Offs

The amount of \$14,777 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*.

	2001-02	2000-01
	\$	\$
Write Offs	14,777	42,819

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:

	2001-02	2000-01
	\$	\$
Operating Expenses		
Salaries	6,326,031	5,989,449
Superannuation and pension	1,000,527	1,484,679
Computer Services	147,478	49,391
Administration expenses	2,844,097	2,544,453
Accommodation expenses	524,643	470,284
Corporate Service expenses	750,580	510,964
Total Resources Received Free of Charge	11,593,356	11,049,220



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.

	2001-02	2000-01
	\$	\$
Fees paid to the Consolidated Fund	5,996,338	5,034,225

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.

	2001-02	2000-01
	\$	\$
Public Trustee Common Fund surplus interest	2,322,297	2,333,000

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 from the Common Fund to the reserves of the Public Trustee.

Details of the Reserves are as follows:

	Note	2001-02	2000-01
		\$	\$
Total Reserves			
Opening balance		5,304,289	4,703,320
ADD Transfer to reserves		776,754	600,969
Closing balance		6,081,043	5,304,289
Represented by:			
Indemnity Reserve			
Opening Balance		2,232,982	1,982,013
ADD Transfer to Reserves		176,754	250,969
Closing Balance	7(a)(i)	2,409,736	2,232,982
General Reserve			
Opening Balance		680,000	330,000
ADD Transfer to Reserves		600,000	350,000
Closing Balance	7(a)(ii)	1,280,000	680,000
Superannuation Reserve			
Opening Balance		2,391,307	2,391,307
ADD Transfer to Reserves		-	-
Closing Balance	7(a)(iii)	2,391,307	2,391,307
Total Balance of Reserves		2,391,307	5,304,289



7(a)(i) Indemnity Reserve

The Indemnity Reserve is used to meet any losses that the Public Trustee may incur in a corporate capacity.

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*

	2001-02	2000-01
	\$	\$
Opening balance	1,705,960	1,817,458
Net profit	458,046	489,471
Transfer to reserves	(776,754)	(600,969)
Closing balance	1,387,252	1,705,960

Note 8. *Accrued Fees*

	2001-02	2000-01
	\$	\$
Current		
Accrued fees payable to the Consolidated Fund	182,750	215,564



Note 9. Tax Liabilities

	2001-02	2000-01
Current	\$	\$
GST payable	109,101	194,240

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:

	2001-02	2000-01
	\$	\$
Cash	7,760,146	7,420,053

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

	2001-02	2000-01
	\$	\$
Loss from ordinary activities	(2,816,675)	(3,192,524)
Non-cash items:		
Salaries	6,326,031	5,989,449
Superannuation and pension	1,000,527	1,484,679
Computer services	147,478	49,391
Administration expenses	2,844,097	2,544,453
Accommodation expenses	524,643	470,284
Corporate Service expenses	750,580	510,964
(Decrease)/increase in liabilities		
BAD tax payable	-	(48,515)
Net GST receipts/(payments)		
Change in GST in payables	(85,139)	194,240
Net cash provided by operating activities	8,691,542	8,002,421

(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 and other benefits received, or due and receivable, for the financial year, fall within the following bands are:

	2001-02
\$110,001 - \$120,000	1
Total remuneration for Accountable Officers	<u>\$110,734</u>

Retirement Benefits of Members of the Accountable Authority

The following amounts in respect of retirements benefits were paid or became payable for the financial year:

1. Redundancy payments	-
2. Total contributions to Gold State and West State Superannuation Scheme	\$8,859
3. Contribution to other Superannuation funds	-
Total retirement benefits for Accountable Officers	<u>\$8,859</u>

No members of the Accountable Authority are members of the Superannuation and Family Benefits Act Scheme.

Remuneration of Senior Officers

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

	2001-02
\$30,001 - \$40,000	1
\$40,001 - \$50,000	1
\$70,001 - \$80,000	1
\$80,001 - \$90,000	1
\$90,001 - \$100,000	1
Total remuneration of Senior Officers is:	<u>\$334,299</u>

Retirement Benefits of Senior Officers

The following amounts In respect of retirement benefits were paid or became payable for the financial year:

1. Redundancy payments	-
2. Total contributions to Gold State and West State Superannuation Scheme	\$20,003
Contribution to other Superannuation funds	-
Total retirement benefits for Senior Officers	<u>\$20,003</u>

No Senior Officers are members of the Superannuation and Family Benefits Act Scheme.



Note 12. Remuneration of Auditors

The total fees paid (GST exclusive) or due and payable to the auditors of the Authority for the financial year are:

	2001-02 \$	2000-01 \$
Fees to the Auditor General	62,500	58,000

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 \$195,600 inclusive of court costs.

Note 14. Additional Financial Instruments Disclosures

(a) Interest Rate Risk Exposure

The Authority's exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments are:

	Weighted average effective interest rate	Floating Interest rate	Fixed interest rate maturities			Non interest bearing	Total
			1 year or less	1 to 5 years	Over 5 Years		
30 June 2002	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
Investment in Common Fund	5.46	7,760					7,760
Total financial assets		7,760					7,760
Financial Liabilities							
Accrued fee						183	183
Tax liabilities						109	109
Total financial liabilities						292	292
Net financial assets / (liabilities)		7,760	-	-	-	(292)	7,468



	Weighted average effective interest rate	Floating Interest rate	Fixed interest rate maturities			Non interest bearing	Total
			1 year or less	1 to 5 years	Over 5 Years		
30 June 2001	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets							
Investment in Common Fund	6.55	7,420					7,420
Total financial assets		7,420					7,420
Financial Liabilities							
Accrued fee						216	216
Tax liabilities						194	194
Total financial liabilities						410	410
Net financial assets / (liabilities)		7,420	-	-	-	(410)	7,010

(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 program 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 ending 30 June 2002:

Opening Balance	Revenue	Expenditure	Closing Balance
\$	\$	\$	\$
13,457	-	5,416	8,041

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.

	2001-02	2000-01	Variance
	\$	\$	\$
Fees raised from estates and trusts	5,198,914	4,222,362	976,552
Salaries	6,326,031	5,989,449	(336,582)
Superannuation and pension	1,000,527	1,484,679	484,152
Administration expenses	2,844,097	2,544,453	(299,644)
Corporate service expenses	750,580	510,964	(239,616)
Fees paid to the Consolidated Fund	5,996,338	5,034,225	(962,113)
Resources received free of charge from the Department of Justice	11,593,356	11,049,220	(544,136)

Fees raised from estates & trusts

The variance is due to increased fees raised from estates administered during the year.

Salaries

The variance is due to increased engagement of staff following a review of team structures.

Superannuation and pension

The variance is due to the payment of superannuation benefits paid to retirees, made in the previous year.



Administration expenses

The variance is due to the continuation of the Mortgage Information Services and expenditure for the implementation of the new trust accounting system.

Corporate service expenses

The variance is due to increased corporate services provided by the Department of Justice.

Fees paid to the Consolidated Fund

The variance is the result of increased fees raised for work on estates, in turn, increasing the amount available for payment to the Consolidated Fund.

Resources received free of charge from the Department of Justice

The variance is due to an increase in funding for the Mortgage Information Service and implementation of the new trust accounting system.

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 budget and \$100,000.

	2001-02 Estimates	2001-02 Actual	Variance
	\$	\$	\$
Fees raised from estates and trusts	4,455,400	5,198,914	743,514
Salaries	5,966,000	6,326,031	360,031
Administration expenses	4,245,000	2,844,097	1,400,903
Corporate Services expenses	500,000	750,580	(250,580)
Fees paid to the Consolidated Fund	5,270,000	5,996,338	(726,338)
Resources received free of charge from the Department of Justice	12,165,000	11,593,356	571,644

Fees raised from estates and trusts

The variance is due to increased fees raised from estates administered during the year.

Salaries

The variance is due to increased engagement of staff following a review of existing team structures.

Administration expenses

The variance is due largely to the unexpected delays in the implementation of the Efficiency and Service Improvement Program.

Corporate service expenses



The variance is due to increased corporate services provided by the Department of Justice.

Fees paid to the Consolidated Fund

The variance is the result of increased fees raised for work on estates, in turn, increasing the amount available for payment to the Consolidated Fund.

Resources received free of charge from the Department of Justice

The variance is due largely to the unexpected payment delays relating to the implementation of the new computer system.



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 2002:

NET TRUST ASSETS UNDER ADMINISTRATION WERE:

ESTATES AND TRUSTS	Note	2001-02 \$	2000-01 \$
Deceased Estates		124,430,617	101,619,325
Direct Action		2,198,151	1,573,442
Entitled Trusts		179,566,672	172,758,393
Protected Management		91,827,135	81,283,185
Testamentary Trusts		45,411,478	50,176,700
Power of Attorney		21,880,787	21,037,476
Trusts		5,171,249	11,690,615
Safe-care		7,052,723	6,457,181
NET TOTAL TRUST ASSETS		477,538,812	446,596,317

REPRESENTED BY:

INVESTMENTS AND LOANS

Investments in Common Fund	20(g)	212,560,718	204,807,043
Bank deposits		29,100,748	15,272,281
Equities	19(i)	45,026,657	44,400,149
Unit Trusts	19(i)	40,282,045	45,272,495
Life Policies	19(ii)	2,153,848	2,730,483
Real Estate	19(iii)	137,275,438	124,502,005
Other Assets	19(iv)	15,958,057	15,435,817
Total Investment and Loan Assets		482,357,511	452,420,273

TOTAL TRUST ASSETS

482,357,511

452,420,273

Deduct

CURRENT LIABILITIES

Creditors		2,715,979	3,894,480
Loans		1,014,981	292,404
Mortgages – Deceased estates		470,739	990,056
Total Current Liabilities		4,201,699	5,176,940

NON CURRENT LIABILITIES

Mortgages – Trust estates		617,000	647,016
Total Non Current Liabilities		617,000	647,016

TOTAL TRUST LIABILITIES

4,818,699

5,823,956

NET TRUST ASSETS

477,538,812

446,596,317

**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 2002 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, effective at the date of death. In other matters real estate is shown at last valuation, cost or estimated value. Where estimates are made, Public Trustee Property 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 2002**

	Note	2001-02	2000-01
		\$	\$
REVENUE			
Revenue from ordinary activities			
Income on Investments		13,322,358	14,825,427
Doubtful Debts Recovered		284	29,461
Total revenue from ordinary activities		13,322,642	14,854,888
EXPENSES			
Expenses from ordinary activities			
Government Fees and Charges		14,685	29,606
Doubtful Debts		8,700	284
Investment expenses		464,687	646,839
Public Trustee's fee		801,199	855,851
Interest Distributed to Clients	20(d)	8,732,819	9,861,468
Interest paid to the Public Trustee		382,796	427,111
Total expenses from ordinary activities		10,404,886	11,821,159
Profit(loss) from ordinary activities before payments to the Consolidated Fund		2,917,756	3,033,729
Payments to the Consolidated Fund (via Public Trustee)		2,322,297	2,333,000
Net Profit (loss)		595,459	700,729
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS			
		595,459	700,729

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 2002

	Note	2001-02	2000-01
		\$	\$
Current Assets			
Cash at Bank	20(i)(a)	11,364,130	143,967,114
Accrued Mortgage Fees		75,883	38,076
Advances to Estates	20(e)	42,012	394,542
Accrued Interest		1,597,266	656,758
Total Current Assets		13,079,291	145,056,490
Non-Current Assets			
Investments	1(b), 20(f)	222,053,949	81,939,742
TOTAL ASSETS		235,133,240	226,996,232
Current Liabilities			
Fees & Accrued Taxation		77,065	31,378
Tenancy Bonds		-	35,429
Stamp Duty Recouped		280	10,532
Interest Received in Advance		-	215,378
Public Trustee Funds	10(a)	7,760,146	7,420,053
Accrued Interest due to Estates and Trusts		2,025,798	2,362,644
Total Current Liabilities		9,863,289	10,075,414
Non-Current Liabilities			
Estates & Trusts Under Administration	1(c), 20(g)	212,560,717	204,807,043
TOTAL LIABILITIES		222,424,006	214,882,457
NET ASSETS		12,709,234	12,113,775
Equity			
General Reserve	20(h)(a)	11,782,380	11,282,380
Retained profits	20(h)(b)	926,854	831,395
TOTAL EQUITY		12,709,234	12,113,775

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 2002

	Note	2001-02 Inflows (Outflows) \$	2000-01 Inflows (Outflows) \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Income on Investments		11,356,573	12,974,033
Doubtful Debts recovered		284	29,461
Payments			
Interest paid to Estates and Trusts		(8,732,819)	(9,861,468)
Interest paid to the Public Trustee		(382,796)	(427,111)
Investment expenses		(464,687)	(646,839)
Other Expenditure		(14,685)	(29,606)
Net Cash provided by operating activities	20(i)(b)	1,761,870	2,038,470
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for short term investments		(160,000,000)	-
Proceeds from maturing mortgages		19,847,987	16,974,988
Proceeds from redemption of short-term investments		-	100,000,000
Net cash provided by/(used in) investing activities		(140,152,013)	116,974,988
CASH FLOWS FROM ESTATES, TRUSTS & PUBLIC TRUSTEE			
Surplus Common Fund Interest paid to the Public Trustee		(2,322,297)	(2,333,000)
From Public Trustee's liability		340,093	461,064
From Estates & Trusts		7,769,363	21,031,008
Net cash provided by estates, trusts & Public Trustee		5,787,159	19,159,072
Net increase/(decrease) in cash held		(132,602,984)	138,172,530
Cash assets at the beginning of financial year		143,967,114	5,794,584
Cash assets at the end of the financial year	20(i)(a)	11,364,130	143,967,114

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 Distributed to Clients

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.

	2001-02	2000-01
	\$	\$
Interest distributed to clients	8,732,819	9,861,468

20(e) Advances to Estates

	2001-02	2000-01
	\$	\$
Current		
Advances to Estates	50,712	394,826
Less Provision for Doubtful Debts	8,700	284
Total	42,012	394,542

20(f) Common Fund Investments

	2001-02	2000-01
	\$	\$
Non-current		
(i) At Cost:		
Money Market Securities	160,000,000	-
Mortgage Loans	55,153,949	75,039,743
	215,153,949	75,039,743
(ii) At fair value:		
(iii) Land and Building	6,900,000	6,900,000
Total	222,053,949	81,939,743

- (iii) A revaluation of land and buildings was performed in June 2000 in accordance with an independent valuation by the Valuer General's Office. The valuation has been 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 revaluation performed on a three-year basis but will be assessed by management on an annual basis- 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:

	2001-02	2000-01
	\$	\$
Carrying amount at beginning of year	6,900,000	6,900,000
Revaluation increment/(decrement)	-	-
Carrying amount at end of year	6,900,000	6,900,000



20(g) Estates and Trusts under Administration

	2001-02	2000-01
	\$	\$
<i>Activity</i>		
Deceased Estates	29,960,599	26,193,433
Direct Action	2,130,718	1,509,816
Entitled Trusts	93,204,903	88,007,539
Protected Management	46,869,578	41,912,356
Testamentary Trusts	17,890,323	17,666,982
Power of Attorney	10,810,142	11,888,760
Trusts	4,641,732	11,170,975
Safe-care	7,052,723	6,457,181
Total estates and trusts under administration	212,560,718	204,807,042

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	2001-02	2000-01
General Reserve	\$	\$
Opening balance	11,282,380	10,540,380
ADD Transfer to Reserves	500,000	742,000
LESS Transfer from Reserves	-	-
Closing balance	11,782,380	11,282,380

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

(b) Retained Profits	2001-02	2000-01
	\$	\$
Opening balance	831,395	872,667
Net profit	595,459	700,729
Transfer (to)/from reserves	(500,000)	(742,000)
Closing balance	926,854	831,395

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:

	2001-02	2000-01
	\$	\$
Cash	11,364,130	143,967,114



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

	2001-02	2000-01
	\$	\$
Profit from ordinary activities	2,917,756	3,033,729
<u>Non-cash items:</u>		
<u>Decrease /(Increase) in assets:</u>		
Accrued interest	(940,508)	116,031
<u>(Decrease) in liabilities:</u>		
Interest received in advance	(215,378)	(1,111,290)
Net cash provided by operating activities	<u>1,761,870</u>	<u>2,038,470</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 Disclosures

(a) Interest Rate Risk Exposure

The Common Funds exposure to interest rate risk, repricing maturities and the effective interest rates on financial instruments are:

	Weighted average effective interest rate	Floating Interest rate	Fixed interest rate maturities			Non interest bearing	Total
			1 year or less	1 to 5 years	Over 5 Years		
30 June 2002	%	\$'000	\$'000	\$'000	\$'000	'000	\$000
Financial Assets							
Cash at bank	4.69	11,364					11,364
Accrued mortgage fees						76	76
Advances to estates						42	42
Accrued interest						1,597	1,597
Investments:							
Securities	4.70		160,000				160,000
Mortgages	7.29		32,031	23,123			55,154
Land & Building	5.79	6,900					6,900
Total financial assets		18,264	192,031	23,123	-	1,715	235,133
Financial Liabilities							
Fees & accrued taxation						77	77
Stamp duty						-	-
Interest in advance						-	-
Public Trustee funds	5.46	7,760					7,760
Accrued interest						2,026	2,026
Estates & trusts							
Estates	3.25	29,899					29,899
Trusts & Other	3.75	30,577					30,577
Trusts & Other	4.50	14,460					14,460
Trusts & Other	4.75	137,625					137,625
Total financial liabilities		220,321	-	-	-	2,103	222,424
Net Financial Assets / (liabilities)		(202,057)	192,031	23,123	-	(388)	12,709



			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 2001	%	\$'000	\$'000	\$'000	\$'000	'000	\$000
Financial Assets							
Cash at bank	5.15	143,967					143,967
Accrued mortgage fees						38	38
Advances to estates						394	394
Accrued interest						657	657
Investments:							
Securities							-
Mortgages	7.49		53,983	21,057			75,040
Land & Buildings	4.45	6,900					6,900
Total financial assets		150,867	53,983	21,057	-	1,089	226,996
Financial Liabilities							
Fees & accrued taxation						31	31
Tenancy bonds						35	35
Stamp duty						11	11
Interest in advance						215	215
Public Trustee funds	6.55	7,420					7,420
Accrued interest						2,363	2,363
Estates & trusts							
Estates	3.58	27,703					27,703
Trusts	5.00	170,644					170,644
Other	5.00	6,460					6,460
Total financial liabilities		212,227	-	-	-	2,655	214,882
Net Financial Assets / (liabilities)		(61,361)	53,983	21,057	-	(1,566)	12,114

(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(i).



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.

	2001-02	2000-01	Variance
	\$	\$	\$
Income on investments	13,322,358	14,825,427	(1,503,069)
Investment expenses	464,687	646,839	182,152
Interest distributed to clients	8,732,819	9,861,468	1,128,649

Income on investments

The variance is due to a combination of both a decline in the yield and a reduced cash rate in comparison to the previous year.

Investment Expenses

The variance is due to a reduction in the amount of building maintenance and repairs conducted during the year.

Interest distributed to clients

The variance is due to a reduced cash rate which in turn translates to reduced rates of interest being paid to client accounts.



OPINION OF THE OFFICE OF THE AUDITOR GENERAL.



AUDITOR GENERAL

To the Parliament of Western Australia

PUBLIC TRUSTEE

FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit opinion relates to the financial statements of the Public Trustee for the year ended June 30, 2002 included on the Public Trustee's web site. The Public Trustee is responsible for the integrity of the Public Trustee's web site. I have not been engaged to report on the integrity of the Public Trustee's web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the accounts and financial statements of the Public Trustee for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Public Trustee is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Public Trustee.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Public Trustee to ensure financial regularity in accordance with legislative provisions, evidence to provide reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Public Trustee's financial position, its financial performance and its cash flows.

Assets controlled by the Public Trustee and assets which form part of the Common Fund (comprising assets held in a trustee capacity by the Public Trustee) are reported separately by the Public Trustee. My audit has been based on the assumption that the Public Trustee has recognised only those assets which it controls.

The audit opinion expressed below has been formed on the above basis.

Public Trustee**Financial statements for the year ended June 30, 2002****Audit Opinion**

In my opinion,

- (i.) the controls exercised by the Public Trustee provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii.) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to and forming part of the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Public Trustee at June 30, 2002 and its financial performance and its cash flows for the year then ended.



D D R PEARSON
AUDITOR GENERAL
November 1, 2002



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 2002.

A R (Nina) McLaren
MBA, B Arts

Accountable Officer

Date: 31 August 2002



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 environment and 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*. The Public Trustee provides a funds management and investment service through the operations of the Common Fund, an at-call investment facility that is 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 a high quality, personalised trustee service to meet the needs of all sectors of the Western Australian community.

“Trustee Services” includes:

- Administering estates of people who die with or without a will (Estate Administration);
- Managing the financial affairs of people who are unable to manage their financial affairs or for people seeking assistance (Trust Management); and
- Preparing wills and Powers of Attorney for people who wish to appoint the Public Trustee as their executor or agent (Wills).

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

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:

- Administering estates of people who die with or without a will (Estate Administration).
- Managing the financial affairs of people who are unable to manage their financial affairs or for people seeking assistance (Trust Management).
- Preparing wills and powers of attorney for people who wish to appoint the Public Trustee as their executor or agent (Wills).



Effectiveness

1.1 Extent to which trustee services meets the needs of clients

This indicator measures the level of client satisfaction with the quality of trustee services provided. This year, Patterson Market Research was again engaged to conduct a telephone survey from a random sample drawn from the Public Trustee client base.

The sample client base parameters consisted of:

- (a) Clients who were aged between 18 and 80 years.
- (b) Clients who had an account that was current during the 2001/02 financial year.
- (c) Clients who were capable of making meaningful comment, ie. those who were known not to be suffering from dementia or in a comatose state etc.

Based on the above definition, a random sample of 981 clients was generated. These represented a cross-section of clients who use the various trustee services provided by the Public Trustee.

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Extent to which trust management services meet the needs of customers	88%	75%	71%	75%

Notes:

1. The survey covered several criteria of customer satisfaction, including aspects of reliability and customer service attributes. Of these a decline was experienced in both measures to the previous financial year.
2. External consultants once again conducted the survey for 2001/02. A total of 401 clients responded to the survey, yielding a sampling error of +/-4.9% at a 95% confidence level. This is comparable with previous year's market research accuracy figures. The response rate in 2001/02 was 40.9%, which is an improvement of 11.4% from 2000/01.

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 in order 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 may not require formal administration but still require work to be undertaken so that assets are registered in the survivor or beneficiaries' name, eg., joint assets, nominal bank accounts.



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

In 2001/02, 1,642 estates were referred to the Office. 15% of all estates of people who died in 2001/02 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 Office aimed to reach a target of 19%.

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Number of estates relative to the number of adult (18 years and over) deaths in Western Australia.	23%	19%	15%	19%

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Number of adult deaths in WA	10,806	10,301	11,235	N/A
Number of deceased estates referred	2,443	1,923	1,642	N/A

Notes:

1. The reduction in deceased estates referred can be attributed to the increasing number of solicitors or private persons being appointed executor of an estate.

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

This indicator measures the Public Trust Office's performance in the market in order to monitor its success in providing a will preparation service for all Western Australians.

The Public Trustee operates in a commercial environment offering services which can be provided by any number of 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 and is shown as a percentage of the total number of adult deaths in Western Australia.

In 2001/02 the Public Trustee administered 1432 estates naming the Public Trustee as executor. The Public Trustee's market share for this period is 13%.



	1999/00	2000/01	Actual 2001/02	Target 2001/02
Extent to which Public Trustee maintains a market share in drawing Wills naming the Public Trustee as executor	20%	16%	13%	16%

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Number of adult deaths in WA	10,806	10,301	11,235	N/A
Number of estates in which the Public Trustee had prepared a Will.	2,125	1,666	1,432	N/A

Note:

1. The reduction in market share is directly attributable to the increasing numbers of estates being administered by solicitors and private persons. It has become an increasing trend for clients to select alternative forms of executorship, thereby reducing the numbers of referred estates for administration.

1.4 Percentage 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.

In contrast to previous years, this year has seen a change in methodology as a result of the introduction of the new corporate application software. For the first six months the methodology remained unchanged. This indicator now measures the actual file closure date rather than the final payment date.

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

The average time taken to complete an estate, if completed within 12 months, was 7.97 months, based on the date of final completion



	1999/00	2000/01	Actual 2001/02
Percentage of estates finalised within 12 months of being reported.			
• Within 12 months	69%	76%	49%
• Within 9 months	53%	62%	28%
• Within 6 months	29%	42%	2%

Efficiency

1.5 Cost per trust managed

This indicator measures the cost of managing a trust. It is 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 year of 1994/1995 was set at 100.

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Cost per trust managed	186	209	217	214

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Number of trusts managed	5,069	4,785	4,820	5,149

1.6 Cost per deceased estate administered and cost per will prepared

The deceased estate administration service comprises two main cost areas. The indicator has been separated 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 1994/95.

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Cost per deceased estate administered	198	188	210	235

Notes:

1. The lower than expected result is attributed to the carryover relating to the Efficiency and Service



Improvement program.

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Number of deceased estates administered	3,135	3,227	3,023	2,850



Cost per will prepared

	1999/00	2000/01	Actual 2001/02	Target 2001/2
Cost per Will prepared	146	180	226	235

	1999/00	2000/01	Actual 2001/02	Target 2001/02
Number of wills prepared	7,159	4,849	4,043	4,100

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 2002	Public Trustee Deceased Estates	Other Trusts	Investment Agencies	Other Savings Bank** Investments (>\$15,000)	Bank A/C Call Deposits** (<\$15,000)	Cash Management Trust **
	%	%	%	%	%	%
1997	5.50	6.00	5.50	0.45	0.3	4.90
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	3.5	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

(**As published in the Reserve Bank Bulletin – July 2002 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:

	1997-98	1998-99	1999-00	2000-01	2001-02
	%	%	%	%	%
Treasury Earning Rate	5.86	5.38	5.35	5.93	4.64
CMT Benchmark Rate	4.94	4.74	5.08	5.86	4.48
Public Trustee Common Fund	7.64	6.61	6.07	6.55	5.46

In the 12 months to 30 June 2002 the Public Trustee's Common Fund achieved a net return of 5.46% on the investment of the funds comprising the Common Fund. Funds under management as at 30 June totalled \$232.3 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 2002 the value of the Common Fund was \$232.3 million, with a further \$60.7 million invested in the financial market on behalf of individual clients.

The cost of managing these funds in 2001-02 was \$425,638* or 0.14% of the mean value of the funds under management.

Comparative costs for:

- 2000-01 was \$407,896* or 0.15%
- 1999-00 was \$376,970* or 0.15%
- 1998-99 was \$398,043* or 0.16%
- 1997-98 was \$378,532* or 0.17%
- 1996-97 was \$195,474* or 0.10%

(* 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 2001-02, on-costs were charged at 66% of direct salary).

OPINION OF THE OFFICE OF THE AUDITOR GENERAL.



AUDITOR GENERAL

To the Parliament of Western Australia

PUBLIC TRUSTEE

PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002

Matters Relating to the Electronic Presentation of the Audited Performance Indicators

This audit opinion relates to the performance indicators of the Public Trustee for the year ended June 30, 2002 included on the Public Trustee's web site. The Public Trustee is responsible for the integrity of the Public Trustee's web site. I have not been engaged to report on the integrity of the Public Trustee's web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

Scope

I have audited the key effectiveness and efficiency performance indicators of the Public Trustee for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Public Trustee is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Public Trustee's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Public Trustee are relevant and appropriate for assisting users to assess the Public Trustee's performance and fairly represent the indicated performance for the year ended June 30, 2002.



D D R PEARSON
AUDITOR GENERAL
November 1, 2002

4th Floor Dumas House 2 Havelock Street West Perth 6005 Western Australia Tel: 08 9222 7500 Fax: 08 9322 5664



ESTIMATES 2002/2003

PUBLIC TRUSTEE

STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2003

	ESTIMATES 2002-03 \$	ACTUAL 2001-02 \$
REVENUE		
Revenue from ordinary activities		
Fees raised from Estates & Trusts	4,900,000	5,198,914
Public Trustee 6% fee from Common Fund	821,093	801,199
Receipts from Common Fund surplus interest	2,592,076	2,322,297
Interest	469,900	382,796
Write-off recovered	-	9
Other Revenue	50,000	86,243
Total revenue from ordinary activities	8,833,069	8,791,458
EXPENSES		
Expenses from ordinary activities		
Write Offs	20,000	14,777
Salaries	6,075,461	6,326,031
Superannuation and pension	925,280	1,000,527
Computer Services	29,790	147,478
Administration expenses	2,522,052	2,844,097
Accommodation expenses	528,556	524,643
Corporate Service expenses	500,000	750,580
Total expenses from ordinary activities	10,601,139	11,608,133
Loss from ordinary activities before payments to the Consolidated Fund	(1,768,070)	(2,816,675)
Fees paid to the Consolidated Fund	5,721,093	5,996,338
Surplus Common Fund Interest paid to Consolidated Fund	2,592,076	2,322,297
Loss from ordinary activities before grants and subsidies from government	(10,081,239)	(11,135,310)
Grants and Subsidies from Government		
Resources received free of charge from the Department of Justice	10,581,139	11,593,356
NET PROFIT	499,900	458,046
Net initial adjustments on adoption of a new accounting standard AAS38 and UIG Abstract 31	-	-
Total revenues, expenses and valuation adjustments recognised directly in equity	-	-
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS	499,900	458,046



PUBLIC TRUSTEE
STATEMENT OF FINANCIAL POSITION

For the year ended 30 June 2003

	ESTIMATES	ACTUAL
	2002-03	2001-02
	\$	\$
Current Assets		
Investment in Common Fund	8,278,195	7,760,146
Total Current Assets	8,278,195	7,760,146
Total Assets	8,278,195	7,760,146
Current Liabilities		
Accrued fees payable to the Consolidated Fund	200,000	182,750
Tax liabilities	110,000	109,101
Total Current Liabilities	310,000	291,851
Total Liabilities	310,000	291,851
NET ASSETS	7,968,195	7,468,295
Equity		
Indemnity reserve	2,609,736	2,409,736
General reserve	1,680,000	1,280,000
Superannuation fund reserve	2,391,307	2,391,307
Retained profits/(accumulated losses)	1,287,152	1,387,252
TOTAL EQUITY	7,968,195	7,468,295