



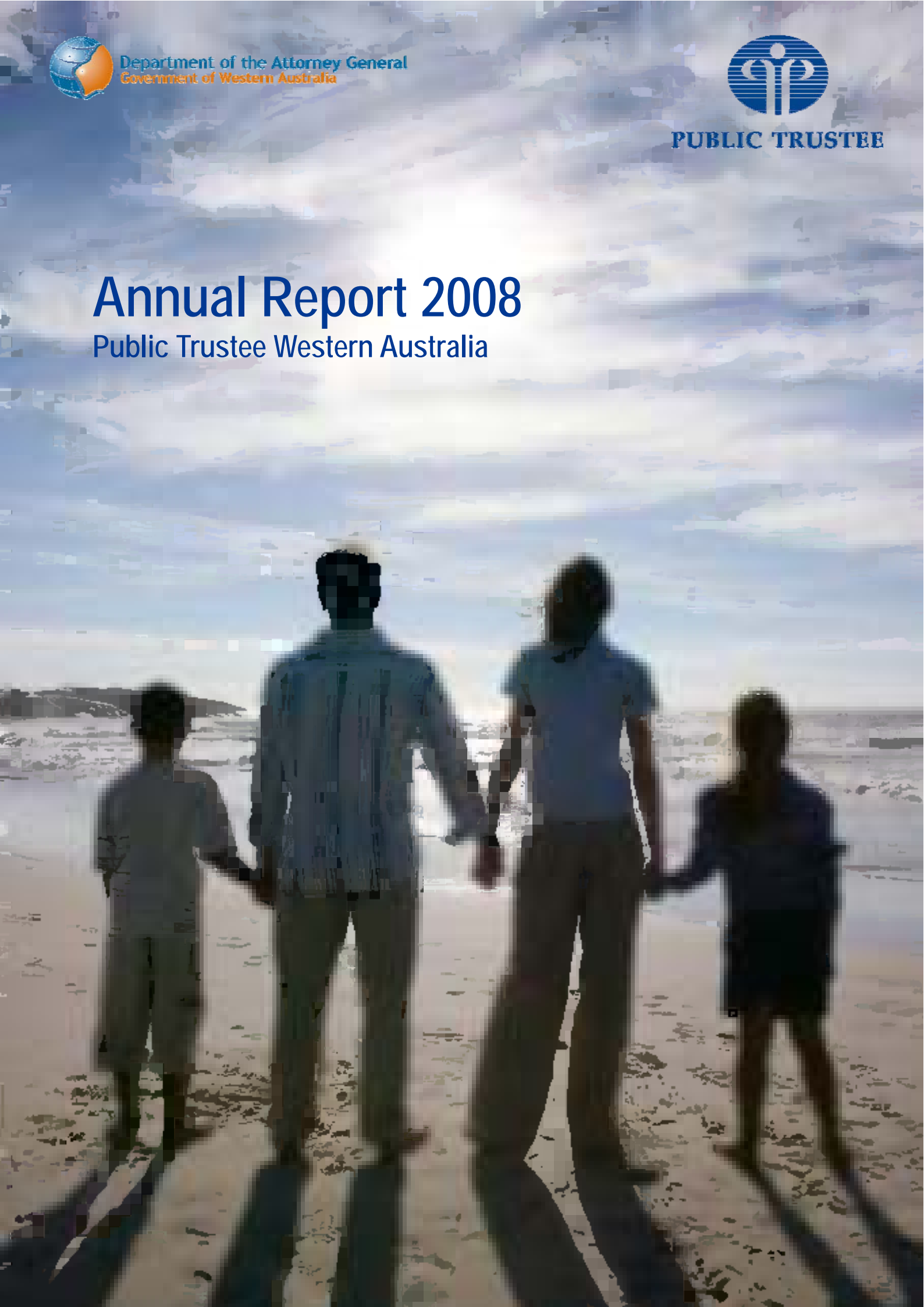
Department of the Attorney General  
Government of Western Australia



PUBLIC TRUSTEE

# Annual Report 2008

Public Trustee Western Australia



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**FOR THE YEAR ENDED 30 JUNE 2008**

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## Statement of Compliance

Mr Christian Porter MLA BA (Hons), BEc, LLB, Msc  
Attorney General

In accordance with section 61 of the *Financial Management Act 2006*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Public Trustee for the financial year ended 30 June 2008.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006*.



**John Skinner**  
PUBLIC TRUSTEE  
Accountable Authority  
19 September 2008

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## Overview

### Executive Summary

Professional and independent trustee and financial management services are provided to all Western Australians by the Public Trustee. It offers a range of free community services and fee-based services which include preparing Wills and enduring powers of attorney, administering nominated deceased estates and overseeing the financial and legal affairs of vulnerable people. The Public Trustee is a Statutory Authority which receives administrative support from the Department of the Attorney General.

A primary focus during 2007/08 continued to be preparing to implement the legislative reforms that will allow the Public Trustee to modernise its operations and services. Another priority was preparing for and securing an upgrade of the major computer operating system. At the same time considerable attention was given to improving the capacity of Public Trustee staff to meet an expanding range of client needs and expectations.

### Performance Highlights

- The *Public Trustee and Trustee Companies Legislation Amendment Act 2008* received Royal Assent in March, and a Proclamation Date of 1 July 2008 was set. This Act amends the *Public Trustee Act 1941* to allow for the establishment of a business framework which will result in the Public Trustee achieving self-funding to provide a greater range of services and a higher level of service to clients. The business framework developed includes a new fee and investment structure, and new services.
- As part of the legislation amendments, the inaugural Public Trustee's Annual Agreement covering fees, the establishment of Reserves and their use was drafted and approved by the Attorney General. New Regulations to cover changes were also drafted and approved.
- A major review of the Trust Management branch, including overall structure, staffing and workloads was completed by an external consultant and a number of recommendations were accepted for implementation.
- The newly created senior management position of Director Business Development and Marketing was created, advertised and filled, and a comprehensive Strategic Business Development and Marketing Plan for 2008/09 and 2009/10 produced.
- The upgrade to the Management and Accounting Trust Environment (MATE) application commenced in early 2008. This upgrade is expected to take until April 2009 and will ensure that MATE is moved to an industry standard database platform, and is at the same development level as its parent application. Once this upgrade is complete, the Public Trustee will be able to implement the enhancements and development work required to support the legislative changes.
- A number of new initiatives were commenced during the year including an examination of a new Automated Wills Drawing application which will provide significant productivity improvements in the Wills area.
- A new General Ledger System came online in July 2007, following a full tender process and subsequent implementation. This system records all financial transactions relating to funds held in the Common Account and is interfaced with our main corporate system, MATE.
- Substantial progress towards fee modelling, and establishing a package of restructured fees and multiple Strategic Investment Funds was made with the assistance of an external consultant. The new and flexible fee structure will more accurately reflect the value of work undertaken by the Public Trustee, and multiple

**PUBLIC TRUSTEE**  
**OVERVIEW**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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Strategic Investment Funds will allow for both capital growth and income on funds invested by all clients.

- With the shift to a more competitive business model on 1 July 2008, the Public Trustee continued to work on equipping staff to meet the demanding needs of the client base and promote a higher level of customer service culture. This work has translated into a satisfying 7% increase in client satisfaction as surveyed in March 2008. New initiatives developed and implemented included:
  - participation by all staff in a Cultural Change Program aimed at preparing them for the significant changes required by the new business model arising from the legislation amendments;
  - participation by all managers in managing and implementing change training workshops;
  - a leadership and management development program where staff who have been identified as leaders and potential leaders participated in external training and development courses;
  - advanced training for Trust Managers moving to higher positions; and
  - study assistance and part-time employment.
- Staff turnover was 12.5% (26% for 2006/07) which is a significant improvement and is attributed to the major training and development effort across the agency, particularly in Trust Management.

Other achievements in 2007/08 included:

- recognition as a Better Practice Agency by the Office of the Auditor General for quality and timely financial statements and good financial practice;
- an extension of the visiting Will-making service to a 50km radius from the central business district;
- development of a comprehensive Fraud Control and Corruption Prevention Plan; and
- optimisation of income for clients through full leasing of the Common Account Asset, the Public Trustee Building in Hay Street Perth.





## Public Trustee's Report

This report highlights the many achievements and the bringing to fruition of long standing plans that occurred during the past year - the most significant of which was Parliament's approval of proposed amendments to the *Public Trustee Act 1941*.

## Our Business

We were successful in obtaining approval from the Expenditure Review Committee for the funding necessary to upgrade our core business computing system and implement the changes arising from the legislation amendments.

Our computing system requires a significant upgrade to enable us to continue meeting the expectations of our clients and stakeholders. We commenced the upgrade project with Unisys, the supplier of the current version of our system, who won the contract. This project, which will include both technical improvements and business process rule efficiencies, will be completed by the end of the 2008/09 financial year.

The amendments to the *Public Trustee Act 1941* were considered and passed by the Legislative Council in December 2007 with one amendment. The amendment, concerning approval of fees, was approved by the Legislative Assembly in March 2008 and the Governor assented to the Bill on 31 March 2008. The commencement date was approved for 1 July 2008 which brings to finalisation the work commenced more than eight years ago.

With the final approval of the legislation amendments, work commenced on implementing the changes into our business processes and computer systems. The major changes provide for a review of the complete range of our fees, a major revamp of our investment structures and arrangements, and the ability to identify and introduce new services. We completed the work to introduce our first new service, Executor Assist, on 1 July 2008. This service offers our expertise to members of the public to meet all or part of their executor responsibilities.

The legislation amendments also provided for an Annual Agreement to be prepared and approved by the Attorney General and the Public Trustee. This Agreement provides the details of the fees to be applied in the coming financial year and new services to be developed and introduced, and the transfer of funds into and out of Reserve accounts. The inaugural Annual Agreement for the 2008/09 financial year was approved and signed in June. As most of the work on reviewing our fees had not been completed in time for this first Agreement, there have only been minor changes to the Public Trustee's fees for 2008/09. Most of the fee changes resulting from our fee review will come into effect on 1 July 2009.

During the year we asked our internal auditors, KPMG, to provide advice on how to improve our arrangements for the management and public accountability of our decisions and results. Their advice on our corporate governance arrangements recommended a number of improvements and most have been implemented. The remaining recommendations will be completed during 2008/09.

In previous reports, I have commented on our intention to raise the profile of the Public Trustee and promote a better understanding of our work. Progress has continued to be made and, with the legislation changes, this objective becomes even more important. Toward the end of the financial year, we recruited a Business Development and Marketing Director who will establish a small team to ensure existing and future clients, and the Western Australian community, are aware of the full range of trustee and investment services we can now offer.

The delivery of Community Service Obligations (CSOs) is a major part of the Public Trustee's contribution to a fair and just society in Western Australia, and the demand for these CSOs continues to increase. One of our major objectives is to increase the range of our services and investment returns so the additional revenue can eventually fund our CSOs without the

need for Government funding. Whilst we aim to grow our business, we will also continue to maintain a strong focus on supporting the most vulnerable in our community.

#### **Our service**

During the year, we also completed the final activities for the remaining positions that had not been reviewed for reclassification. This has meant that we have now reviewed all positions, with the exception of legal officers who are being considered separately.

In last year's report, I referred to the start of a cultural change program where we surveyed staff attitudes on providing good customer service. We have now developed strategies to help staff better cope with change, better understand the importance of "customer service", and improve attitudes to service standards. In the coming year, we will conduct a follow up survey to see if there has been a shift in the culture. The result of this survey will also determine how we continue on this cultural change journey.

During the year, despite our best efforts, errors occurred in a small number of cases amongst the thousands of clients that we look after. We appreciate the Customer Feedback Management System that is in place because it provides an opportunity for us to become aware of situations which we should have handled better and the opportunity to improve.

#### **Our People**

I have commented in previous years on the strength and resilience of staff at the Public Trustee, and the commitment they demonstrate to our clients, particularly to those who are the most vulnerable members of the community. To provide improved support to the great people we have at the Public Trustee, we developed and introduced a coordinated employee development and training program. Considerable progress has been made in the rolling out of this program. In addition to a comprehensive training plan for new staff, and managers and potential managers, advanced training for more experienced staff has been introduced. Ongoing training is also provided on cultural differences and how to help clients with special needs. I acknowledge that there is still much to do in this area, particularly in preparing suitable staff for management positions as part of our succession planning, and in customer service relationships. We have made a big commitment to staff training and development over the past year or so and intend to continue this commitment for the coming years.

I would like to acknowledge the dedication and commitment of all staff during this period of great change. Despite the distractions of the project work on legislative amendments and the computer system upgrade, all staff have continued to maintain our services to clients and stakeholders throughout the year. In addition, their willing involvement in the cultural change program, which at times has been challenging, whilst continuing to keep our services operating, has demonstrated their preparedness to improve our results and image.

#### **Our Future**

Looking at the year ahead, our priorities will be on the successful implementation of our new fee model and the introduction of the new funds into our investment structure. We will also complete the upgrade of our core computer system. At the same time we will again strive to maintain our service standards throughout the year.

Successfully completing these projects will mean another challenging year, but they will also provide a very sound basis on which to continue to improve the services we provide to the Western Australian community and to raise awareness of these services. We will also relook at our longer term strategy for improvements and plan to refresh our Strategic Plan early in the coming year.

John Skinner  
PUBLIC TRUSTEE



## Operational Structure

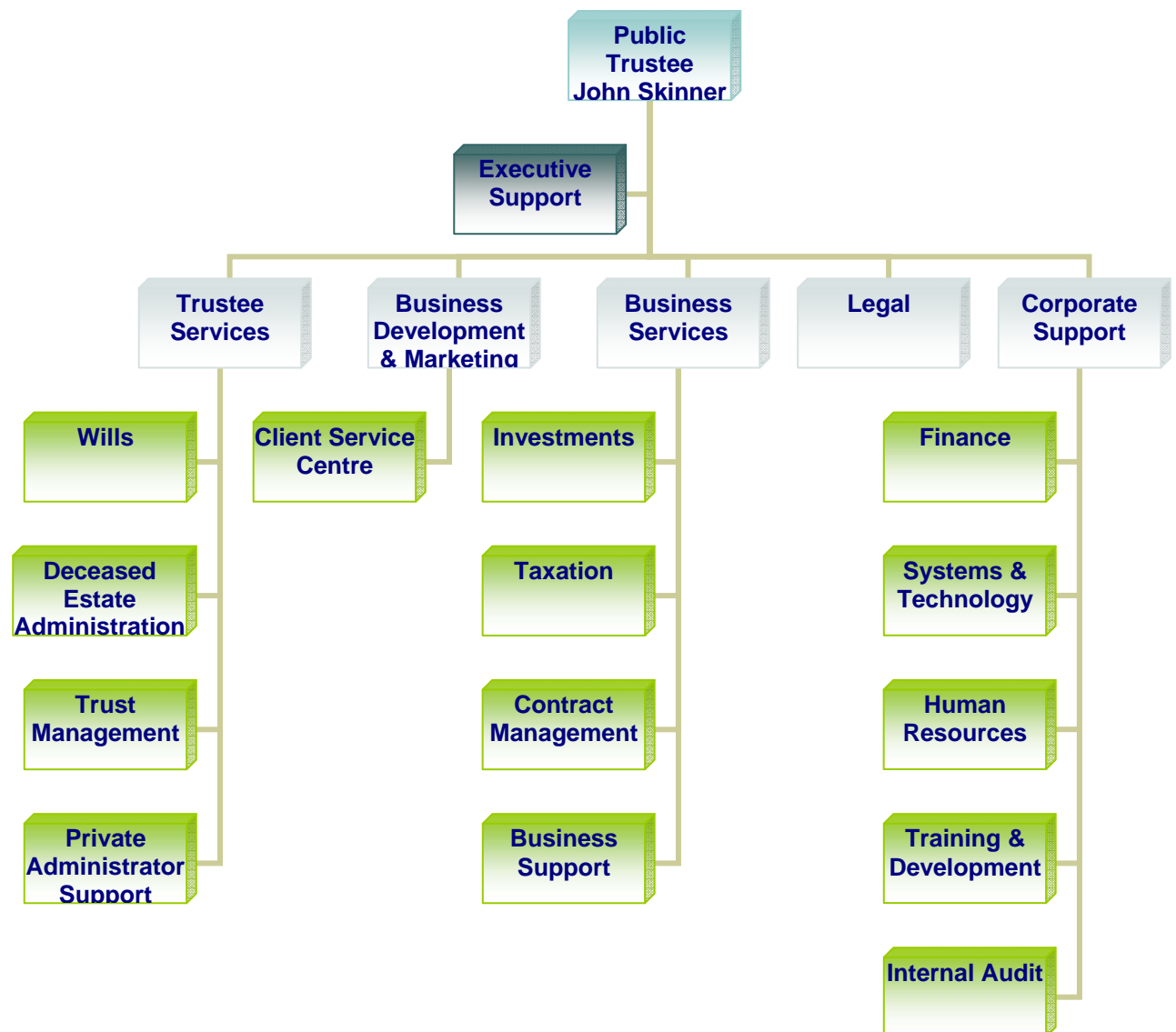
### Enabling Legislation

The Public Trustee was established by the *Public Trustee Act 1941* and is a Statutory Authority within the provisions of the *Financial Management Act 2006*. It receives administrative support from the Department of the Attorney General.

### Responsible Minister

Christian Porter MLA BA (Hons), BEc, LLB, Msc  
Attorney General

### Organisational Chart



**Corporate Executive Team**

**Public Trustee, John Skinner BSc, Grad Dip FP**

Mr Skinner has extensive experience in financial services and management in both the State and Commonwealth public sectors.

**Director Trustee Services, Sean Conlin BBus, Grad Dip Acct, CA**

Mr Conlin has nine years public sector management experience, and 15 years financial services accounting and management experience in the private sector.

**Director Business Services, Kerry Wilson BBus (Acct), CPA, Reg Tax Agent**

Ms Wilson has over 30 years financial services experience in both the public and private sectors, including nine years public sector management.

**Director Corporate Support, Terry Hearn BBus, Assoc Dip Bus**

Mr Hearn has 29 years financial and management accounting experience in both the public and private sectors, including thirteen years public sector management.

**Principal Legal Officer, Michael Bowyer LLB**

Mr Bowyer has 16 years legal advisory experience in policy, law reform, and criminal and civil action, including 15 years public sector management.

**Director Business Development & Marketing, Etta Palumbo BPsych**

Ms Palumbo has nine years professional services marketing experience and a further 10 years research, strategic planning and communications experience for public and private sector clients.

**Administered Legislation**

The Attorney General and the Public Trustee administer the *Public Trustee Act 1941* and *Public Trustee Regulations 1942*, and the Public Trustee complies with more than 100 State or Federal Acts in conducting its business.

**Other Key Legislation Impacting on the Public Trustee's Activities**

In the performance of its functions, the Public Trustee complies with the following relevant laws:

Aboriginal Affairs Planning Authority Act 1972;  
Administration Act 1903;  
Auditor General Act 2006;  
Criminal Property Confiscation Act 2000;  
Disability Services Act 1993;  
Equal Opportunity Act 1984;  
Financial Management Act 2006;  
Freedom of Information Act 1992;  
Guardianship and Administration Act 1990;  
Inheritance (Family and Dependents Provision) Act 1972;  
Industrial Relations Act 1979;  
Minimum Conditions of Employment Act 1993;  
Non-contentious Probate Rules 1967;  
Occupational Safety and Health Act 1984;  
Public Sector Management Act 1994;  
Rules of the Supreme Court 1971;  
Salaries and Allowances Act 1975;  
State Administrative Tribunal Act 2004;  
State Records Act 2000;  
State Supply Commission Act 1991;  
Trustees Act 1962; and  
Wills Act 1970

## Performance Management Framework

The Public Trustee, whilst a statutory authority in its own right, is not a separate agency and does not have its own Outcomes Based Management Framework but is part of and follows the overall Department of the Attorney General's Framework which is reproduced below.

### Outcome Based Management Framework

#### **Government goal**

Better Services: enhancing the quality of life and well being of all people throughout Western Australia by providing high quality, accessible services.

#### **Department goal**

The right to justice and safety for all people in Western Australia is preserved and enhanced.

#### **Department purpose**

To provide high quality and accessible justice, legal, registry, guardianship and trustee services that meet the needs of the community and Government.

#### **Department future**

We are valued as leaders in developing and delivering justice services, policy and reforms that are significant and sustainable.

A copy of the Public Trustee's Strategic Framework 2008-2013 appears at Appendix One.

#### **Changes to Outcome Based Management Framework**

Public Trustee's Outcome Based Management Framework did not change during 2007/08.

#### **Shared Responsibilities with Other Agencies**

The Public Trustee did not share any responsibilities with other agencies in 2007/08.

However, through cooperation with other government agencies Public Trustee provides vital trustee and asset management services. For example, Public Trustee works across government to strengthen the rights of and protect people with financial decision-making difficulties.

The Public Trustee is a committee member of the Alliance for the Prevention of Elder Abuse Western Australia (APEA WA) which is a group of representatives from both government and private sector community organisations including Advocare, Office of Senior Interests and Volunteering, Health, Office of the Public Advocate, Legal Aid, Police and Disability Services Commission. APEA WA is the peak body responsible for formulating policies and developing strategies for the prevention and identification of abuse of the elderly.

## Agency Performance - Report On Operations

### Financial Targets

	Target \$	Actual \$	Variation\$
Total cost of services (expense limit)	13,107,691	14,449,270	(1,341,579)
Net cost of services	2,762,831	2,949,289	(186,458)
Approved full time equivalent (FTE) employees	155	155	-

### Summary of Key Performance Indicators

	Target	Actual	Variation
<b>Effectiveness</b>			
1.1 Extent to which trustee services meet the needs of clients	80%	79%	1%
1.2 Number of estates relative to the number of adult (18 years and over) deaths in Western Australia	14%	13%	7%
1.3 Extent to which the Public Trustee maintains a market share in drawing Wills naming the Public Trustee as executor	12%	11%	8%
1.4 Percentage of estates finalised within 12 months of being reported	71%	64% <sup>1</sup>	10% <sup>1</sup>
<b>Efficiency</b>			
1.5 Cost per trust managed	\$1,306	\$1,402	7%
1.6.1 Cost per deceased estate administered	\$1,763	\$1,814	3%
1.6.2 Cost per Will prepared	\$260	\$301	16% <sup>2</sup>

<sup>1</sup> The variance to target is due to the increasing complexity of estates (in particular Share Registry compliance requirements increasing) and contesting of Testamentary capacity.

<sup>2</sup> The increased cost per Will prepared is due to the higher than anticipated expenditure and a lower than anticipated number of Wills prepared. The number of Wills prepared was reduced due to high levels of staff leave and increasing complexity of Wills required by clients.

The Public Trustee provides professional and independent trustee and asset management services to all Western Australians. It offers a range of free community service and fee-based services which include:

- preparing and giving advice on making sound Wills;
- preparing Enduring Powers of Attorney (which are legal documents in which one person gives the legal authority to make financial and some legal decisions on their behalf to another person);
- administering deceased estates of those who nominate the Public Trustee as Executor or where Executors approach the Public Trustee to administer the estate;
- administering the estate of Aboriginal and Torres Strait Islanders who die intestate (without a valid Will);
- managing the financial and legal affairs of people who are incapacitated or infirm or have intellectual or mental disabilities;
- acting as Trustee for people under the age of 18 (minors);
- acting as Trustee (when appointed by the Courts) to manage monies awarded as a result of criminal injuries or personal injuries compensation; and
- providing a free support service to over 1500 Private Administrators who are usually family members or close friends appointed by the State Administrative Tribunal to manage the financial affairs of another person who lacks the ability to manage their own affairs.

The Public Trustee is a statutory authority within the provisions of the *Financial Management Act 2006*. It provides a funds management and investment service through the operation of the Common Account – an at-call investment facility backed by the Government of Western Australia – 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 has five main directorates.

1. **Trustee Services** provides core services to clients including:
  - Wills
  - Estate Administration
  - Trust Management
  - Private Administrator Support
2. **Business Development & Marketing** is responsible for raising the profile of the Public Trustee and its services; initiatives that attract new clients and retain existing clients; Public Relations and the Customer Service Centre.
3. **Business Services** provides advice and support to Trustee Services including:
  - Investments
  - Taxation Services
  - Contract Management
  - Business Support
4. **Legal Services** provides services including Wills, legal advice, law reform, dispute resolution and litigation.
5. **Corporate Support** provides services that support Public Trustee employees including:
  - Finance
  - Internal Audit
  - Human Resources
  - Information Technology
  - Training and Development

## Trustee Services

The Trustee Services Directorate has had an extremely busy year. The focus for the Directorate during the past twelve months can be broken down into a number of different components. These include continuing with the work commenced last year in relation to providing targeted training to our employees to better equip them for the challenges ahead, preparing for the legislation changes which came into effect on 1 July 2008, improving service delivery to our clients and looking for operational efficiencies.

Initiatives undertaken include:

- finalising the reclassification of all positions within the Wills and Client Service Teams and the Private Administrator Support Team;
- engaging a consultant to review the team structure of the Trust Management area and to make recommendations for potential improvements;
- introducing a structured training program to better equip Trust Managers when they move to a higher level of responsibility;
- participating in the office wide Cultural Change Program;
- expanding the Will making service to include an after-hours service and visits to Mandurah;
- developing and launching the new Executor Assist service on 1 July 2008; and
- participating in numerous workshops and planning sessions in relation to the Public Trustee Act legislation changes

## Wills

A professional and no charge Will-drawing service is provided for those who want the Public Trustee to be their executor. There are now more than 100,000 Wills held in safe custody.

During the year, employees prepared or amended 3,840 Wills. The 'Wills on Wheels' service provided a visiting Will drawing service to 405 people who were unable to attend the office due to infirmity or extreme age.

The Public Trustee also provides an Enduring Power of Attorney service to ensure a person's assets are protected during any period of incapacity. These are prepared at no cost for clients who appoint the Public Trustee as donee or substitute donee.

## Estate Management

Responsible for administering the estates of people who die with or without a Will, the section's continued emphasis has been on improving the standard of service to meet client expectations.

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

The Public Trustee's market share of estate administrations declined slightly with 12.7 per cent of total applications to the Supreme Court Probate Registry, compared to 13.3 per cent in 2006/07.

**Applications to the Supreme Court Probate Registry**

	2005/06	2006/07	2007/08
Public Trustee	667	695	709
Other	4,404	4,536	4,873
Total	5,071	5,231	5,582



**PUBLIC TRUSTEE**  
**AGENCY PERFORMANCE – REPORT ON OPERATIONS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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### Trust Management

Trust managers act as trustee, manager, donee, substitute trustee, or administrator for people who are unable or unwilling to manage their own financial affairs.

The total number of new trusts (including appointments by the State Administrative Tribunal) reported for administration during the year was 575 which is 2.7 per cent above that of the previous year, when 560 new trusts were reported.

The total number of trusts on hand at the end of 2007/08 increased to 4,403 compared to 4,212 in 2006/07.

**Trust Management caseload**

	2005/06	2006/07	2007/08
Files on hand at year end	4,181	4,212	4,403

The number of people for whom the Public Trustee acts as administrator as a result of being appointed by the State Administrative Tribunal continues to rise. This year the Tribunal referred 327 cases to the Public Trustee (compared to 311 in 2006/07).

At year-end there were 1,780 State Administrative Tribunal clients being administered by the Public Trustee, compared to 1,599 at 30 June 2007.

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

The number of new court trusts allocated to trust managers for the year remained steady at 201 compared to 202 in 2007. Court trusts originate mainly from the District Court and the Assessor of Criminal Injuries Compensation, and the size of these trusts varies from several thousand dollars to several million dollars. Administering these trusts includes setting up investment portfolios, collecting income, working out budgets for the beneficiaries and attending to their accommodation and transport needs. Ongoing communications with clients is achieved through meetings at the Public Trustee and through trust managers visiting homes and nursing homes. During the year, trust managers held 2,304 client interviews, either within the office or at the client's residence.

The State Administrative Tribunal reviewed 483 administration orders for which the Public Trustee was the appointed administrator.

### Private Administrator Support (PAS)

Responsible for examining annual accounts prepared and submitted by private administrators, the team also assists administrators to understand their role and responsibilities including providing technical advice regarding the preparation of the annual accounts.

The Public Trustee also worked closely with the Office of the Public Advocate to present three training seminars for recently appointed administrators.

During the 2007/08 year, the PAS Team concluded 1,576 examinations with total assets exceeding \$543 million. The Public Trustee issued fourteen Certificates of Loss arising out of these examinations with combined losses of more than \$560,740.

### Community Service Obligations

The Public Trustee provides trustee services to all Western Australians irrespective of their ability to pay. The fees that the Public Trustee can charge are outlined in the *Public Trustee Act 1941* and the second schedule of the *Public Trustee Regulations 1942*. From 1 July 2008 fees will be charged in accordance with the Annual Agreement.

There are a number of services known as Community Service Obligations (CSO) that the Public Trustee provides free of charge or for a fee that does not cover the cost of providing that service.

Those services which fall into the category of a CSO include:

- providing a free Will making service for those people who name the Public Trustee as Executor of their estate;
- providing a home visiting service to those in the community who, due to illness or infirmity, are unable to attend the office for a Will appointment;
- acting as Administrator pursuant to an order made by the State Administrative Tribunal, and the fees recovered for performing this role do not cover the cost of providing the service;
- administering deceased estates where the fees charged are below cost recovery;
- examining the accounts of private administrators pursuant to provisions of the *Guardianship and Administration Act 1990*;
- acting as Trustee for compensation awards where the fees set are below cost recovery; and
- acting as next friend in legal proceedings for clients who are under a legal disability and do not have anyone available to act on their behalf.

Using the avoidable cost method of calculation, the Public Trustee provided CSO services worth \$4,445,046 during the year ended 30 June 2007.

### Legal Services

This directorate provides the internal legal resources the Public Trustee requires to perform its duties as trustee, administrator, attorney and executor. These cover a broad range of areas including Wills, probate, property, commercial, debt recovery, personal injuries and family law. It has seven full-time equivalent legal officers, three law clerks and a legal secretary.

Legal officers generally conduct their own litigation, appearing in the Supreme, District, Local and Family Courts and the State Administrative Tribunal. When appropriate, legal work is outsourced to private practitioners.

At year-end, the Legal Services team was handling 394 legal matters (having received 216 new cases through the year and finalised 139 matters during the same period), not including Wills and estate distributions. Approximately half of the legal matters are expected to result in court actions, predominantly in the Supreme Court. Most of those court actions concern issues arising from the administration of the estates of represented persons, deceased estates and trusts. They include proving Wills, seeking directions in regard to entitlements to deceased estates, recovery of misappropriated assets, personal injuries claims and family law. Some of these matters involve the most vulnerable members of the community for whom there is no-one else willing or able to act.

In the 2007/08 financial year, this directorate played a key role in implementing the changes to the *Public Trustee Act 1941* by drafting the first Annual Agreement with the Attorney

General, advising on fees, settling instructions to Parliamentary Counsel and vetting new policies and procedures.

### **Business Development and Marketing**

The newly created senior management position of Director Business Development and Marketing was created, advertised and filled, and a comprehensive Strategic Business Development and Marketing Plan for 2008/09 and 2009/10 produced.

#### **Client Service Centre**

Usually the first point of contact for all clients, the centre plays an important role in the delivery of improved client service. Client Service officers provide information on all Public Trustee services to the public, and arrange appointments and allocate files to estate and trust managers.

Client Service Centre officers also answer phone and written inquiries, check death notices daily in the newspapers against the Public Trustee's Wills index, initiate first contact with the families and next of kin of deceased clients and provide information on and assistance with informal administrations.

#### **Customer Feedback**

The Public Trustee registered 49 different feedback matters - 26 were complaints, 16 were letters of appreciation or compliments, two were suggestions and five were of another nature either requesting information, clarification or assistance.

Seven of the 26 complaints related to the manner or tone adopted by the officer or the difficulty in contacting the officer, 11 related to the delivery of services and communication, eight related to processes, decisions making and specific outcomes. All of the complaints were responded to within the performance standard of ten working days and there were no complaints outstanding as at 30 June 2008.

Letters of appreciation related to the way that individual employees handled matters, delivery of services and communication. Clients were impressed by the thoughtful treatment, patience, thorough explanations and extra effort on the part of staff members.

The Public Trustee has noted an increase in client feedback since the introduction of the Department of Attorney General's new Customer Feedback Management System in May 2007. This opportunity to address client issues and improve the delivery of services is welcomed by the Public Trustee.

## Business Services

### Investments

The Public Trustee's Financial Analyst is responsible for:

- managing the Common Account (formerly known as the Common Fund) which holds funds which have been placed in trust for clients of the Public Trustee. It operates like a cash management account, with funds being available at call while earning a competitive rate of interest;
- managing the individual investment portfolios of larger value trusts (valued at more than \$144 million) by supervising individual portfolios for clients with investment needs that cannot be met through the Common Account; and
- assisting trust and estate managers with individual client queries.

A licensed financial planner, who has been selected by the Public Trustee through a tender process, prepares investment portfolios. The Public Trustee, in consultation with the Investment Portfolio Review Committee, provides an approved list of investments from which the financial planner selects recommendations for each individual portfolio.

This method of investment selection ensures investments are consistent with the needs of the client, meet the Public Trustee's prudential requirements, and offer complete independence from any bias to related products that may contain hidden fees.

The Public Trustee's licensed financial planner is also contractually required to return all up-front and trail commissions to the client and the Public Trustee does not receive a commission on this service.

<b>Gross Assets Under Administration</b>		
	2007	2008
Common Account	289,453,049	299,402,095
Bank deposits	42,280,920	45,783,604
Equities	59,791,262	50,867,522
Unit Trusts	124,597,456	93,334,684
Life Policies	1,158,094	1,303,528
Real Estate	247,682,442	259,496,199
Other Assets	17,099,150	21,777,310

The operations of the Investments section are monitored by the Investments Committee who also:

- review the performance of the investments;
- provide strategic investment advice to the Public Trustee; and
- act as a review and approval panel for Common Account mortgage applications.

The Investments Committee oversees and gives guidance to the investments of the Common Account and provides comment on the selection of managed funds for individual portfolio investments. The committee (of Public Trustee, Director Business Services, Director Trustee Services, Director Corporate Support, the Principal Legal Officer and the Financial Analyst) met 26 times last year.

The Public Trustee building at 565 Hay St Perth is a major asset of the Common Account and was fully leased. The value of the building has risen rapidly in line with other central business district buildings from \$25.3 million adjusted for market increase as at 30 June 2007 to \$35.5 million per the valuation as at 30 June 2008, from the Valuation Section of Landgate (formerly the Department of Land Information). The rapid rise has negatively affected the return on investment indicator because leases were negotiated and in place before the most recent

**PUBLIC TRUSTEE**  
**AGENCY PERFORMANCE – REPORT ON OPERATIONS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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rental increases, but it is still a very satisfactory position for Public Trustee clients who own the building.

The property function of the Investments section manages the sale and purchase of properties on behalf of trust and deceased estate clients, including appointing and liaising with real estate agents, checking contract documentation, and ensuring the transaction is properly completed. Relevant Trustee Services employees liaised with the beneficiaries and families during this process. During 2007/08 Investments section sold 131 properties for a total value of \$53,207,210.

<b>Property Transactions</b>				
	2004/05	2005/06	2006/07	2007/08
Properties sold	218	201	140	131
Value \$	49,900,000	55,597,098	62,992,550	53,207,210

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

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

#### **Taxation Services**

The Tax Manager and Senior Taxation Consultant oversee the preparation, review and electronic lodgement of all tax returns for both trust and estate administration clients, including individual, partnership, business, company and trust returns.

Both are registered tax agents and provide training for trust and estate managers and advice on complex tax matters to provide the most effective outcomes for trusts under administration. Taxation Services lodged 1,323 tax returns in 2007/08.

#### **Contracts Management**

The Contracts Manager oversees the letting and management of contracts for the provision of services and supplies to the Public Trustee. Contracts are managed in accordance with the Government of Western Australia's standards and where required in conjunction with the Department of Treasury and Finance.

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

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

A Tender Committee approves the awarding of contracts that involve purchases with funds held on behalf of Public Trustee clients and oversees the due diligence of all contracts. The committee now oversees service contracts with an estimated annual value of \$2.0 million while providing support and guidance to the Contracts Manager. Contracts awarded during

**PUBLIC TRUSTEE**  
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the financial year were for the Storage of Goods, the Provision of Financial Services, the Provision of Investment Asset and Fees Structure Modelling Consultancy Services and the appointment of a Real Estate Agent for a Special Project.

The following contracts will expire in the coming 12 months and planning will soon commence for the re-tender of:

- Genealogical Services
- Funeral Services
- Auctioneering Services
- Termite Inspection Services

In addition a tender for the provision of Investment Management Services in respect of new Strategic Investment Funds is planned to be issued.

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

#### **Business Support**

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

#### **Public Trustee Manual Project**

Commenced in the first quarter of 2006/07, this project aims to improve on the existing system for managing Public Trustee information, processes, policies and procedures.

The Project is on track with the updating of the current manual now completed. Phase One, which involved the review and conversion of over 500 policies and procedures from the Trust and Estate Management business areas, was completed in February 2008. The new manual was launched in March 2008 and is now fully operational. Phase Two involves the review and conversion of a further 400 policies and procedures from other business areas and will be completed by October 2008. The ongoing annual review of all documents has begun.

#### **Freedom of Information Requests**

Three applications were received and complied with under the *Freedom of Information Act 1992*. Two of the three applications were withdrawn and one was allowed edited access to the requested information. The average time for the Public Trustee to process an application was 13 days from time of receipt to notice of decision.



## Corporate Support

### Finance

The Finance Section provides the financial management and reporting functions within the Public Trustee. The section assists the Corporate Executive in delivering financial outcomes consistent with its financial targets. This is achieved through the provision of regular analysis and advice on the Public Trustee's finances, thereby ensuring that the Corporate Executive is fully informed of the current financial position when making decisions, resulting in sound financial management outcomes being attained. Information prepared by the section includes, monthly Operation Reports and Expenditure Forecasts, quarterly Key Performance Indicator analysis, Budget analysis and Budget Statement preparation.

During 2007/08, Finance was responsible for managing a consolidated operational expenditure budget of \$12.2 million and a revenue budget of \$10.4 million. This expenditure budget is made available through a net appropriation via the Department of the Attorney General (DotAG). Finance liaise with DotAG during the year to ensure the budgeting requirements of the Public Trustee are addressed to enable it to meet its financial and service targets.

Finance effectively manages the Public Trustee Common Account Bank Account, which averaged a daily balance of \$12 million throughout the 2007/08 financial year. This involved the coordination of a significant volume of financial transactions relating to clients' trust money, with receipts and disbursements both in excess of \$372 million.

Finance implemented a new General Ledger on 1 July 2007 to facilitate management of the \$361 million total assets of the Common Account.

### Systems & Technology

The major focus for the year has been on the upgrade to the Management and Accounting Trust Environment (MATE) system. A lengthy tender process was followed to ensure the specifications and expectations were clearly spelled out prior to the commencement of the project.

The upgrade project commenced at the beginning of April and has progressed smoothly. No major issues have been encountered, and it is anticipated that the project will be complete by the end of March 2009.

This upgrade will move the database platform for MATE to Microsoft SQL Server and will bring the application up to parity with its parent application called CIMS. Once this has been achieved the Public Trustee will be once again able to leverage on the development work being done by the Public Trustee of Queensland, and will be able to implement the changes and enhancements necessary for us to support the legislative requirements.

As well as the MATE upgrade, a number of other initiatives have been started. One of these is to look at purchasing an Automated Will Drawing application to streamline the drawing of Wills for our clients. An automated system will speed up the process of drawing Wills and will enable our staff to create more Wills with less impost on our clients.

The Systems and Technology Section has also been developing a business case to implement a document sharing facility in the Legal Section which will allow legal staff to catalogue and search their legal opinions and precedents. This will deliver productivity increases because staff will no longer need to search through paper based files and/or rewrite or get legal opinions on matters for which there is already a document in the system which cannot be found for some reason.

Work will also be undertaken to revise and update the Systems and Technology Strategic Plan to reflect the changes in technology and business direction across DotAG, and within the Public Trustee. Care has also been taken to ensure all technological initiatives align with business requirements and help further the recommendations arising from the Quadrant Business Processes review undertaken in 2007.

#### Human Resources

The 2007/08 reporting period saw a concentrated effort on the organisation's people management strategies specifically in attraction, retention, and the development of its employees in meeting the strategies that are consistent with the organisation's vision, values, and objectives.

A number of employee attraction and retention initiatives were developed to meet the current and future needs of the Public Trustee workforce including its flexibility to engage employees in:

- Part-Time Employment
- Phased Retirement
- Leave Without Pay
- Cessation of Employment – *Exit Interview*
- Study Assistance Scheme – *currently in development*
- Employee Recognition System – *currently in development*

The *People Ready* strategy and use of appointment pools for the Trust Management Section has continued to attract a large number of applicants. The briefings sessions are maximising the return of quality candidates who gain a better understanding of the work of the Public Trustee, its client base and the nature of the work undertaken at entry level and promotional positions to ensure a higher level of job satisfaction and employee retention. This strategy is now being adopted in the Estate Management and Business Support sections.

The continued practice to closely monitor additional intakes of entry level trust managers together with a revised in-house training program for new trust managers has seen induction training expand from a three-week to a 12-week program supported by a mix of classroom and on-the-job training using coaching and mentoring support to develop the knowledge of trust managers. This program has been welcomed by management and employees who share in the learning and development of the new trust managers and are now realising the benefits of the program as they make a more seamless transition into the case management of clients. This training improvement has also contributed to reducing our staff turnover which has been high in previous years.

A Cultural Change Program which was initiated in March 2007 has led to several workshops with the Executive, managers and staff to encourage ownership for the direction of the Public Trustee in terms of the preferred leadership styles, employee behaviours, values and beliefs. Additionally, each Directorate has developed plans to improve their services, manage legislative and process orientated changes, and increase competitiveness in the marketplace, and a desire to progress and provide excellence in service delivery to clients.

An employee exit survey has been developed to gather critical information on the reasons why employees are vacating their positions, the reasons for their resignations as well as to gain feedback from employees on office communication, leadership, EEO/Diversity, work environment, recognition/reward and flexibility. This data will be used to provide qualitative, statistical and satisfaction information for future HR and organisational planning strategies.

### Training & Development

In 2007/08 the Public Trustee continued to commit its support to the personal and professional development of all employees, specifically with the development of business service skills and knowledge. This year provided a marked increase in the implementation of in-house business specific training events.

The Employee Performance Assessment System (EPAS) continues to identify training and development opportunities for employees to increase their level of skills and provide a more structured learning environment through direct two-way feedback on employee performance. This process has identified a project which will provide a comprehensive learning program to maximise training of all areas of the Public Trustee. It is envisaged that EPAS will link training and development through a training calendar, mentoring and coaching, and provide a vehicle for cost effective group training.

As part of the Public Trustee's commitment to the development of staff, the following education opportunities were provided:

- *New Employee Induction program.* In-house learning program for new employees to the Public Trustee. This three day program provides an introduction to the services and culture of the Public Trustee together with training in the agency specific computer systems and applications.
- *Trust Manager Induction program.* Customised in-house learning program for new employees in Trust Management. This in-house three month program incorporates structured facilitated learning with actual 'on-the-job' education.
- *Trust Manager Level 4 Development program.* In-house learning program for Trust Managers providing Trustee services. The aim of this in-house nine day training program is to prepare officers for career progression within the Trust Management Section and includes position specific training in the management of real property, accommodation payments, administration of investments assets and government funded pension services.
- *Certificate IV in Financial Services (Personal Trust Administration) with Trustee Corporation of Australian in conjunction with the University of Western Sydney.* Thirteen employees studied fourteen enrolled units, and all units were provided by e-learning.
- *Management and Leadership programs with Leadership Management Australia.* A proactive approach to the identification and development of our current and next generation of managers and leaders. This three phased program educates potential managers in the personal productivity skills, refines the manager skills of our team leaders and strengthens the strategic management skills of our business leaders. Seven officers participated in various training opportunities during 2007/08.
- *Understanding your Clients' Needs with Network Case Management Services.* Thirty five Trust Management staff attended a day and a half training program designed to impart a basic understanding of a client's clinical conditions and how these impact on their ability to manage their own financial and legal affairs, relationships and life needs and how to deal more effectively with difficult situations such as with aggressive, abusive or clients in a crisis.
- *Dealing with Difficult and Aggressive Clients with Aragon Education and Training.* A practically orientated one day course attended by 12 employees focused on verbal intervention techniques with an aim to increase individual confidence and skills in confronting and effectively dealing with difficult clients.
- *Workforce Culture Harassment and Bullying workshops with the Equal Opportunity Commission.* Twelve new employees participated in a program designed to help the Public Trustee to develop a strategic approach to equal opportunity objectives and responses to discrimination, harassment and victimisation.

- *Organisational Change with Australian Institute of Management.* This program is designed to provide managers and change agents with the skills and knowledge to effectively plan and lead an organisational change intervention.
- *Women's ADVANCE program with Court Services.* ADVANCE is a twelve month development program for three Public Trustee participants who meet on a regular basis to develop career enhancing skills in self confidence, personal networks, and understanding business and management processes.
- *Writing for Government with ATI-Mirage.* Tailored program to develop knowledge and skills in effective, clear and relevant written communication. Training provided by Dr R Bailey and thirty six officers participated in the event.

#### Internal Audit

The 2007/08 Internal Audit Plan focused on three main areas:

- Trust Management
- Financial Processes
- Private Administrator Support

Each review was performed by KPMG who are appointed as part of the Department of the Attorney General Internal Audit contract. They identified further opportunities for improvement and highlighted many areas of strength. Where appropriate, corrective action was undertaken to address and further strengthen our internal controls.

The Risk Management and Audit Committee oversees the management of the Internal Audit function and met twice during 2007/08. Its primary purpose is to provide guidance and direction, review audit reports and recommend action to ensure an efficient and effective internal audit function. The committee is a blend of both internal senior management and representatives from external agencies, such as the Office of the Auditor General, RiskCover and the Department of the Attorney General.



## Significant Issues and Trends

### Legislation amendments

The implementation of changes resulting from the new legislation requires significant work in the modelling of fees payable by clients, the financial services and funds offered to clients and the systems that will enable these changes to be efficiently introduced.

### Workload Issue

The number of new trust clients is increasing each year (for example, 230 new cases referred by the State Administrative Tribunal in 2005 to 327 new cases in 2008). In addition to the increased volume, the nature of the work is also changing, with an increase in complexity of each client's affairs.

Staff turnover for the 2007/08 year was 12.5 per cent, down from 26 per cent in 2006/07. This significant improvement can be partly attributed to the major training and development effort across the agency, particularly in Trust Management, and a concentrated effort on the organisation's people management strategies - specifically in attraction, retention, and the development of its employees. However, turnover in the Trust Management area averaged 32 per cent over the three years to 30 June 2007. A major finding of an external review in late 2007, to increase staff numbers in Trust Management to reduce caseloads, is a serious financial pressure and this will be addressed in the coming year.

### Purchase of building

The need for alternative accommodation for the Public Trustee has occurred as a result of plans to refurbish the Old Treasury Buildings and Cathedral Square. The target date for the purchase of the building owned by the Public Trustee Common Account at 565 Hay St Perth and home to Public Trustee staff has been set at March 2011 to coincide with the Department of Housing and Works' plans to commence works. The *Public Trustee Act 1941* provides for the purchase of a building as accommodation for Public Trustee staff to ensure continuity and stability for clients and staff. The Attorney General granted approval to purchase a replacement building on 19 March 2008 and approved the purchase of 553 Hay St Perth on 4 August 2008.

### Social Trends

External trends indicating demographic changes such as the ageing of the population, prevalence of mental illness, growth in multicultural communities and blended families and breakdown of family ties will continue to increase the demand for and complexity of trust management and estate administration services.

The demand for trustee and executor services in Western Australia is expected to significantly grow (conservative estimate at 9% per annum) because the population is ageing at twice the rate of overall national population growth. There is also an increasing prevalence of dementia and longer life expectancies and an overall rise in the number and complexity of cases involving people with decision-making disabilities.

High client expectations will continue as a result of a well-educated community, while busier lifestyles and increased awareness of complexities in estate management could provide a marketing opportunity to generate increased demand for our services. Uptake of new technologies, especially smart phones, will continue to add to expectations of immediacy in client relationships.

Social and economic trends have also resulted in population shifts with retirees choosing to change location and lifestyle, and growth in regional and remote centres as a result of the resource boom, with impacts for how we deliver our services.



### **Economic Trends**

The structure of Western Australia's economy and the current resource-based economic boom have been factors in increased wealth, a growing number of people investing in property and shares, a growing number of self-funded retirees, and an increase in the size of trust funds.

The economic boom together with global economic trends have also resulted in an increased wealth divide, increased rents and cost of living, increased vulnerability and homelessness and a growing demand for the Public Trustee to deliver the government's community services to those who cannot afford to pay.

The volatility of share markets in the last twelve months has impacted on return on investments. This, together with higher costs of living and wage increases for service providers such as carers, impacts on many of our clients for whom we act as trustee and adds to the complexity of our work.

The economic boom has also led to shortages of staff to provide core services in both business centres and corporate units. There is a huge challenge in attracting and retaining able, committed and professional staff and providing flexible and attractive working conditions. In this regard, changes to superannuation rules are an advantage in providing alternatives for staff to work part-time in the transition to retirement.

### **Competitive Trends**

The trustee and financial marketplace is increasingly competitive and complex, with growing costs of compliance and technology leading to amalgamations of investment houses. Private trustee companies typically target the most profitable business, preferring not to deal with the complex or cases that make a loss. In addition, there is a proliferation of Will drawing services by banks and financial institutions that have State-wide networks and the capacity to bundle a wide range of financial services. There is also growth in the number of people preparing their own Wills using Will kits.

Developing our overall market share will be dependent on our ability to seize the opportunity to be flexible in meeting changing population needs and introduce a competitive fee structure and a complete package of services (including the innovative use of technology), as well as raising community awareness of our capacity, dependability and expertise.



## Future directions

In 2008/09, the Public Trustee plans to:

### Executive

- finalise the implementation of the changes resulting from Proclamation of the *Public Trustee and Trustee Companies Legislation Amendment Act 2008*; and
- continue its cultural change program and survey staff on its effectiveness.

### Trustee Services

- continue to implement the recommendations of the review of the Trust Management Directorate;
- continue with the task of providing specialist training to trust managers to better equip them to deal with the day-to-day challenges that they face;
- increase Wills services to expanding metropolitan area;
- secure additional funding to reduce the client file loads in the Trust Management area;
- introduce innovations in customer service and business processes;
- introduce a regional visits pilot; and
- implement new products and services.

### Business Development & Marketing

- conduct extensive market research and prepare a refreshed or new corporate identity and launch;
- implement the Strategic Business Development and Marketing plan and continue to increase the Public Trustee's profile;
- upgrade website;
- review customer service delivery; and
- increase market share by introducing new services including Executor Assist.

### Business Services

- complete fees modelling;
- develop and implement new fee structure by 1 July 2009; and
- create four new Strategic Investment Funds.

### Corporate Support

- complete the upgrade of the MATE system and enhance existing software;
- revise and update the Systems and Technology Strategic Plan to reflect changes in technology and evolving business requirements;
- continue to refine and improve training and development across all areas of the Public Trustee;
- develop and coordinate funding submissions essential for the Public Trustee to achieve its strategic objectives; and
- deliver quality staffing through improved selection and retention strategies.

## Disclosures and Legal Compliance

### Auditor General Opinion



### Auditor General

#### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

#### PUBLIC TRUSTEE FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2008

I have audited the accounts, financial statements, controls and key performance indicators of the Public Trustee.

The financial statements comprise the Balance Sheet as at 30 June 2008, and the Income Statement, Statement of Changes in Equity and Cash Flow Statement for the year then ended, a summary of significant accounting policies and other explanatory Notes.

The key performance indicators consist of key indicators of effectiveness and efficiency.

#### Public Trustee's Responsibility for the Financial Statements and Key Performance Indicators

The Public Trustee is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

#### Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements and key performance indicators.

**PUBLIC TRUSTEE**  
**DISCLOSURES AND LEGAL COMPLIANCE**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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**Public Trustee**  
**Financial Statements and Key Performance Indicators for the year ended 30 June 2008**

**Audit Opinion**

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Public Trustee at 30 June 2008 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Public Trustee provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Public Trustee are relevant and appropriate to help users assess the Public Trustee's performance and fairly represent the indicated performance for the year ended 30 June 2008.



COLIN MURPHY  
AUDITOR GENERAL  
17 September 2008

## Financial Statements

### Certification of Financial Statements for the year ended 30 June 2008

The accompanying financial statements of the Public Trustee have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2008 and the financial position as at 30 June 2008.

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



**Terry Hearn**

B Bus, Assoc Dip Bus, ASA  
Chief Finance Officer  
10 September 2008



**John Skinner**

B Sc, Grad. Dip FP  
Accountable Authority  
10 September 2008

**PUBLIC TRUSTEE**  
**INCOME STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

Income Statement	Note	2008 \$	2007 \$
<b>COST OF SERVICES EXPENSES</b>			
Write offs	6	29,583	39,065
Other expenses		-	-
Employee benefits expense	7(c)	9,792,926	8,912,277
Computer services	7(a)	39,401	140,852
Administration expenses	7(a)	2,567,022	2,310,283
Accommodation expenses	7(a)	918,472	826,268
Corporate service expenses	7(a)	1,131,449	1,246,747
<b>Total expenses before payments to Consolidated Account</b>		<b>14,478,853</b>	<b>13,475,492</b>
Fees paid to Consolidated Account	8	10,365,960	8,924,342
Surplus Common Account Interest paid to Consolidated Account	9	808,617	1,063,676
Other revenue and reserves paid to Consolidated Account	10(a)(iii)	2,450,592	-
<b>Total cost of services</b>		<b>28,104,022</b>	<b>23,463,510</b>
<b>INCOME</b>			
Fees raised from Estates and Trusts	2(i)	8,829,641	7,666,222
Public Trustee 6% fee from Common Account	2(i), 24(a)	1,536,319	1,258,120
Receipts from Common Account Surplus Interest	2(i), 9, 24(a)	808,617	1,063,676
Interest revenue	2(i), 24(a)	612,066	606,280
Other revenue	2(i)	20,263	13,700
<b>Total Income other than income from State Government</b>		<b>11,806,906</b>	<b>10,607,998</b>
<b>Net Cost of Service before Income from State Government</b>	13(b)	<b>(16,297,116)</b>	<b>(12,855,512)</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Liabilities assumed by the Treasurer	7(b)	-	416,366
Resources received free of charge from the Department of the Attorney General	7(a), 19	14,449,270	13,020,061
<b>Total income from State Government</b>		<b>14,449,270</b>	<b>13,436,427</b>
<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(1,847,846)</b>	<b>580,915</b>

The Income Statement should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE**  
**BALANCE SHEET**  
**AS AT 30 JUNE 2008**

Balance Sheet	Note	2008 \$	2007 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash - Investment in Common Account	13(a)	8,543,996	10,443,433
<b>Total Current Assets</b>		<b>8,543,996</b>	<b>10,443,433</b>
<b>TOTAL ASSETS</b>		<b>8,543,996</b>	<b>10,443,433</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued fees payable to Consolidated Account	11	272,281	374,700
Tax liabilities	12	259,612	208,784
<b>Total Current Liabilities</b>		<b>531,893</b>	<b>583,484</b>
<b>TOTAL LIABILITIES</b>		<b>531,893</b>	<b>583,484</b>
<b>NET ASSETS</b>		<b>8,012,103</b>	<b>9,859,949</b>
<b>EQUITY</b>			
Indemnity reserve	10(a)(i)	3,785,124	3,857,446
Business development reserve	10(a)(ii)	4,000,000	3,230,000
Superannuation reserve	10(a)(iii)	-	2,450,592
Retained Earnings	10(b)	226,979	321,911
<b>TOTAL EQUITY</b>		<b>8,012,103</b>	<b>9,859,949</b>

The Balance Sheet should be read in conjunction with the accompanying notes.





## PUBLIC TRUSTEE

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 30 JUNE 2008

Statement Of Changes In Equity	Note	2008 \$	2007 \$
<b>Balance of equity at start of period</b>		<b>9,859,949</b>	<b>9,279,034</b>
<b>RESERVES</b>			
<b>Indemnity Reserve</b>			
Balance at start of period		3,857,446	3,172,421
Transfers to reserves		-	685,025
Transfers from reserves		(72,322)	-
Balance at end of period	10(a)(i)	3,785,124	3,857,446
<b>Business Development Reserve</b>			
Balance at start of period		3,230,000	3,230,000
Transfers to reserves		770,000	-
Balance at end of period	10(a)(ii)	4,000,000	3,230,000
<b>Superannuation Reserve</b>			
Balance at start of period		2,450,592	2,450,592
Transfers from reserves		(2,450,592)	-
Balance at end of period	10(a)(iii)	-	2,450,592
<b>RETAINED EARNINGS</b>			
Balance at start of period		321,911	426,021
Surplus/(deficit) for the period		(1,847,846)	580,915
Transfer (to)/from reserves		1,752,914	(685,025)
Balance at end of period	10(b)	226,979	321,911
<b>Balance of equity at end of period</b>		<b>8,012,103</b>	<b>9,859,949</b>
<b>Total income and expense for the period</b>		<b>(1,847,846)</b>	<b>580,915</b>

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE**  
**CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30 JUNE 2008**

Cash Flow Statement	Note	2008 Inflows (Outflows) \$	2007 Inflows (Outflows) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Fees raised from Estates and Trusts		8,809,625	7,634,398
Public Trustee 6% fee from Common Account		1,536,319	1,258,120
Receipts from Common Account Surplus Interest		808,617	1,063,676
Interest received from Common Account		612,066	606,280
GST receipts on fees		1,177,822	969,121
Other revenue		20,263	13,700
<b>Payments</b>			
GST payments on purchases		(92,922)	(113,611)
GST payments to taxation authority		(1,043,639)	(829,076)
<b>Net Cash provided by operating activities</b>	13(b)	<u>11,828,151</u>	<u>10,602,608</u>
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Fees paid to Consolidated Account		(10,468,379)	(8,808,195)
Surplus Common Account Interest paid to Consolidated Account	9	(808,617)	(1,063,676)
Other revenue and reserves paid to Consolidated Account		(2,450,592)	-
<b>Net Cash provided to State Government</b>		<u>(13,727,588)</u>	<u>(9,871,871)</u>
<b>Net increase/(Decrease) in cash and cash equivalents</b>		<b>(1,899,437)</b>	<b>730,737</b>
Cash and cash equivalents at the beginning of period		10,443,433	9,712,696
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	13(a)	<u><b>8,543,996</b></u>	<u><b>10,443,433</b></u>

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

## Notes to the Financial Statements

### 1. Australian equivalents to International Financial Reporting Standards

#### General

The Public Trustee's financial statements for the year ended 30 June 2008 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Public Trustee has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the Australian Accounting Standards Board (AASB) and formerly the Urgent Issues Group (UIG).

The Public Trustee has adopted AASB 7 Financial Instruments; Disclosures and all consequential amendments which became applicable on 1 January 2007. The adoption of this standard has only affected the disclosure in these financial statements. There has been no effect on profit and loss or the financial position of the entity.

#### Early adoption of standards

The Public Trustee cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Public Trustee for the annual reporting period ended 30 June 2008.

### 2. Summary of significant accounting policies

#### 2(a) (i) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The *Financial Management Act 2006* and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Accounting Standards, the Framework, Statements of Accounting Concepts, and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant financial effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

#### 2 (a) (ii) Basis of Preparation

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention, modified by the revaluation of property, which is measured at fair value.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars (\$), and all values are rounded to the nearest whole dollar.

The judgements that have been made in the process of applying the Public Trustee's accounting policies that have the most significant effect on the amounts recognised in the financial statements are disclosed at note 3 'Judgments made by management in applying accounting policies'.

The key assumptions made concerning the future, and other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are disclosed at note 4 'Key sources of estimation uncertainty'.

## **2 (a) (iii) Reporting Entity**

The reporting entity comprises of the Public Trustee.

## **2 (b) Investments (Common Account)**

Investments have been brought to account as follows:

### **(i) Mortgages**

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

### **(ii) Property**

The building is recorded at fair value - refer note 24(g) (ii). The revaluation of the property is provided independently by Landgate, Western Australian Land Information Authority and is recognised in the financial statements.

### **(iii) Money Market Investments (Cash Equivalent)**

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.

For the purpose of the Cash Flow Statement, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

## **2 (c) Trust Funds**

Section 40(1) of the *Public Trustee Act 1941* requires all capital moneys, however arising, vested in the Public Trustee, shall, unless directed to be otherwise invested, become one common fund (herein called the "**Common Account**"). Details are shown at note 24. Details of receipts and payments in the individual estates and trusts are not shown in the financial statements.

## **2 (d) Reserves**

Prior to 1 July 2008 the level of reserves was determined by the Public Trustee from earnings not paid to the Consolidated Account. The Public Trustee Indemnity Reserve has been established to meet any losses that the Public Trustee may incur in a corporate capacity. The reserve level is reviewed annually, is based on independent actuarial advice and represents a percentage of the total client assets and liabilities managed. The Business Development Reserve has been established to meet future capital requirements (refer Note 10(a)).

These reserves are in contrast to the Common Account Investment Reserve, which is used primarily for the operations of the Common Account, such as to stabilise interest paid to estates, meet losses on investments and maintain Common Account assets (refer Note 24(i)(i)).

On 1 July 2008 amendments to the Public Trustee Act 1941 were proclaimed to take effect, section 6B requires circumstances in which money may be transferred to or from a reserve

fund and the uses to which money in a reserve fund may be put, to be prescribed in the current agreement. The current agreement is a written agreement between the Minister and the Public Trustee for a 12 month period.

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

The Department of the Attorney General provides the Public Trustee with resources in the form of staff, equipment and other operating expenses. The assets and liabilities relating to these provided resources are reported in the Department of the Attorney General's Financial Statements (refer Note 7 & 19).

**2 (f) Foreign Currency Translation**

Transactions denominated in a foreign currency are translated at the rates in existence at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange current at balance sheet date. Exchange gains and losses are brought to account in determining the result for the year.

**2 (g) Comparative Figures**

Comparative figures are, where appropriate, reclassified to be comparable with the figures presented in the current financial year.

**2 (h) Net Fair Value**

Net fair values of financial instruments are determined on the following basis:  
Monetary financial assets and liabilities not traded in an organised financial market – cost basis for carrying amounts of investments in the Common Account and accrued fees payable to the Consolidated Account (which approximates net market value). (AASB 139.46(c)).

**2 (i) Revenue recognition**

Revenue is measured at fair value of consideration received or receivable. Revenue is recognised for business activities as follows:

- (i) fees raised from Estates and Trusts are recognised on delivery of the service to the client;
- (ii) Public Trustee 6% fee from the Common Account is recognised at the end of each month, with a final adjustment at year-end;
- (iii) receipts from Common Account surplus interest are recognised at year-end;
- (iv) interest revenue is recognised as it accrues, using the effective interest rate method; and
- (v) other revenue is recognised at the time of the transactions occurrence.

**2 (j) Resources received free of charge or for a nominal cost**

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

**2 (k) Goods and Services Tax**

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

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

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

**2 (l) Receivables**

Receivables are recognised and carried at original invoice amount less an allowance for any uncollectible amounts. The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectible are written-off against the allowance account. The

allowance for uncollectible amounts (doubtful debts) is raised when there is objective evidence that the Public Trustee will not be able to collect the debts. The carrying amount is equivalent to fair value.

## **2 (m) Payables**

Payables are recognised at the amounts payable when the Public Trustee becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value.

## **2 (n) Impairment of Assets**

### **(i) Non-current Assets**

Non-current Assets are tested for any indication of impairment at each balance sheet date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is considered impaired and is written down to the recoverable amount and an impairment loss is recognised. As the Public Trustee is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of the asset's fair value less cost to sell and the depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated, where the replacement cost is falling or where there is a significant change in useful life. Each relevant class of assets is reviewed annually to verify that the recorded value reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

### **(ii) Financial Assets**

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The carrying amount of the assets is reduced either directly or through use of an allowance account. The amount of the loss is recognised in profit or loss.

## **2 (o) Disclosure of changes to accounting policy and estimates**

### **Initial application of an Australian Accounting Standard**

The Public Trustee has applied the following Australian Accounting Standards and Australian Accounting Interpretations effective for annual reporting periods beginning on or after 1 July 2007 that impacted on the Public Trustee:

- AASB 7 'Financial Instruments: Disclosures' (including consequential amendments in AASB 2005-10 'Amendments to Australian Accounting Standards [AASB 132, AASB 101, AASB 114, AASB 117, AASB 133, AASB 139, AASB 1, AASB 4, AASB 1023 & AASB 1038]'). This Standard requires new disclosures in relation to financial instruments and while there is no financial impact, the changes have resulted in increased disclosures, both quantitative and qualitative, of the Public Trustee's exposure to risks, including enhanced disclosure regarding components of the Public Trustee's financial position and performance, and changes to the way of presenting certain items in the notes to the financial statements.

The following Australian Accounting Standards and Interpretations are not applicable to the Public Trustee as they have no impact and do not apply to not-for-profit entities:



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2008**

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**AASB Standards and Interpretations**


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2007-1	'Amendments to Australian Accounting Standards arising from AASB Interpretation 11 [AASB 2]'
2007-4	'Amendments to Australian Accounting Standards arising from ED 151 and Other Amendments (AASB 1, 2, 3, 4, 5, 6, 7, 102, 107, 108, 110, 112, 114, 116, 117, 118, 119, 120, 121, 127, 128, 129, 130, 131, 132, 133, 134, 136, 137, 138, 139, 141, 1023 & 1038)'. The amendments arise as a result of the AASB decision to make available all options that currently exist under IFRSs and that certain additional Australian disclosures should be eliminated. The Treasurer's instructions have been amended to maintain the existing practice when the Standard was first applied and as a consequence there is no financial impact.
2007-7	'Amendments to Australian Accounting Standards [AASB 1, AASB 2, AASB 4, AASB 5, AASB 107 & AASB 128]'

**Future impact of Australian Accounting Standards not yet operative**

The Public Trustee cannot early adopt an Australian Accounting Standard or Australian Accounting Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting Standards and Other Pronouncements'. Consequently, the Public Trustee has not applied the following Australian Accounting Standards and Australian Accounting Interpretations that have been issued and which may impact the Public Trustee but are not yet effective. Where applicable, the Public Trustee plans to apply these Standards and Interpretations from their application date:

<b>AASB Standards and Interpretations</b>		Operative date for reporting periods beginning on/after
AASB 101	'Presentation of Financial Statements' (September 2007). This Standard has been revised and will change the structure of the financial statements. These changes will require that owner changes in equity are presented separately from non-owner changes in equity. The Public Trustee does not expect any financial impact when the Standard is first applied.	1 January 2009
Review of AAS 27 'Financial Reporting by Local Governments', 29 'Financial Reporting by Government Departments' and 31 'Financial Reporting by Governments'. The AASB has made the following pronouncements from its short term review of AAS 27, AAS 29 and AAS 31:		
AASB 1004	'Contributions' (December 2007).	1 July 2008
AASB 1050	'Administered Items' (December 2007).	1 July 2008
AASB 1051	'Land Under Roads' (December 2007).	1 July 2008
AASB 1052	'Disaggregated Disclosures' (December 2007).	1 July 2008
AASB 2007-9	'Amendments to Australian Accounting Standards arising from the review of AASs 27, 29 and 31 [AASB 3, AASB 5, AASB 8, AASB 101, AASB 114, AASB 116, AASB 127 & AASB 137] (December 2007).	1 July 2008
Interpretation 1038	'Contributions by Owners Made to Wholly-Owned Public Sector Entities (revised) (December 2007).	1 July 2008

**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	Operative date for reporting periods beginning on/after
<u>AASB Standards and Interpretations</u>	

The existing requirements in AAS 27, AAS 29 and AAS 31 have been transferred to the above new and existing topic-based Standards and Interpretation. These requirements remain substantively unchanged. AASB 1050, AASB 1051 and AASB 1052 only apply to government departments. The other Standards and Interpretation make some modifications to disclosures and provide additional guidance, otherwise, there will be no financial impact.

### **3. Judgements made by management in applying accounting policies**

One judgement made during the year was to apply the fair value of the Investment property of the Common Account. The fair value was determined by an independent valuation conducted by the Landgate, Western Australian Land Information Authority.

### **4. Key sources of estimation uncertainty**

There have been no key sources of estimation uncertainty at the reporting date that have had a significant risk of causing a material adjustment to carrying amounts of assets and liabilities within the next financial year.

### **5. Events occurring after the balance date**

1 July 2008 was proclaimed as the day on which Parts 2 to 4 of the Public Trustee Companies Legislation Amendment Act 2008 came into operation. From 1 July 2008 the Second Schedule of the *Public Trustee Regulations 1942* was repealed and the Public Trustee commenced operation under the Scale of fees 2008-09 which have been approved by the Attorney General and submitted to the Joint Standing Committee for scrutiny.

The legislation will allow for the implementation of a new fee structure based on fees for service, moving away from a commission based fee structure, the standardisation of the hourly rate and a fee for some legal services. The legislation allows for the expansion of services through an executor assist service and the use of multiple common accounts as investment options for Public Trustee clients.

On 1 August 2008 the Public Trustee Common Account signed a contract to purchase a second Common Account investment property, at 553 Hay Street, for \$42.5 million plus associated costs. The Public Trustee plans to sell the current building at 565 Hay Street subject to relevant approvals and attaining market price for the property.

### **6. Write offs**

The amount of \$29,583 represents losses incurred during the administration of estates and trusts, which have been written off in accordance with Section 48 of the *Financial Management Act 2006*.

	2008	2007
	\$	\$
<b>Write Offs</b>	<b>29,583</b>	<b>39,065</b>

**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**7. Income from State Government**

**(a) Resources Received Free of Charge from the Department of the Attorney General**

The operational costs of the Public Trustee are funded by the Department of the Attorney General pursuant to a net appropriation determination by the Treasurer.

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

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Expenses</b>		
Employee benefits expense		
Salaries	8,985,217	7,781,406
Superannuation and pension	807,709	714,505
	<u>9,792,926</u>	<u>8,495,911</u>
Computer services	39,401	140,852
Administration expenses	2,567,022	2,310,283
Accommodation expenses	918,472	826,268
Corporate service expenses	1,131,449	1,246,747
<b>Total Resources Received Free of Charge from the Department of the Attorney General</b>	<b><u>14,449,270</u></b>	<b><u>13,020,061</u></b>

**(b) Liabilities assumed by the Treasurer**

The assumption of the superannuation liability by the Treasurer is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme. Where the Treasurer has assumed a liability, the Public Trustee recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.

The value of superannuation liabilities assumed by the Treasurer decreased for the Department of the Attorney General from 30 June 2007 to 30 June 2008; therefore in accordance with TI 1101A the net gain is not included in the calculation of superannuation expense in the Annual Report.

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Operating Expenses</b>		
Employee benefits expense		
Superannuation and pension	-	416,366
<b>Total liabilities assumed by the Treasurer</b>	<b><u>-</u></b>	<b><u>416,366</u></b>

**(c) Total Employee benefits expense**

	<b>Note</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>
Resources Received Free of Charge from the Department of the Attorney General	7(a)	9,792,926	8,495,911
Liabilities assumed by the Treasurer	7(b)	-	416,366
		<b><u>9,792,926</u></b>	<b><u>8,912,277</u></b>

### 8. Fees paid to Consolidated Account

All fees raised during the year are paid to the Consolidated Account in accordance with Section 38(1) of the *Public Trustee Act 1941*.

	2008	2007
	\$	\$
<b>Fees paid to Consolidated Account</b>	<b>10,365,960</b>	<b>8,924,342</b>

### 9. Public Trustee Common Account 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 Account Interest. The Public Trustee may determine to pay some into the Consolidated Account (Section 40(4) (c) of *Public Trustee Act 1941*), determine to retain a portion as reserves or elect to leave as retained profit.

	2008	2007
	\$	\$
<b>Public Trustee Common Account Surplus Interest</b>	<b>808,617</b>	<b>1,063,676</b>

### 10. Equity

#### (a) Reserves

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

On 1 July 2008 amendments to the *Public Trustee Act 1941* were proclaimed to take effect, section 6B requires circumstances in which money may be transferred to or from a reserve fund and the uses to which money in a reserve fund may be put, to be prescribed in the current agreement. The current agreement is a written agreement between the Minister and the Public Trustee for a 12 month period. Details of the Reserves are as follows:



**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	<b>Note</b>	<b>2008</b>	<b>2007</b>
		\$	\$
<b>Total Reserves</b>			
Opening balance		9,538,038	8,853,013
ADD Transfer to Reserves		770,000	685,025
LESS Transfer from Reserves		(2,522,914)	-
<b>Closing balance</b>		<b>7,785,124</b>	<b>9,538,038</b>
<b>Represented by:</b>			
<b>Indemnity Reserve</b>			
Opening Balance		3,857,446	3,172,421
ADD Transfer to Reserves		-	685,025
LESS Transfer from Reserves		(72,322)	-
<b>Closing Balance</b>	10(a)(i)	<b>3,785,124</b>	<b>3,857,446</b>
<b>Business Development Reserve</b>			
Opening Balance		3,230,000	3,230,000
ADD Transfer to Reserves		770,000	-
LESS Transfer from Reserves		-	-
<b>Closing Balance</b>	10(a)(ii)	<b>4,000,000</b>	<b>3,230,000</b>
<b>Superannuation Reserve</b>			
Opening Balance		2,450,592	2,450,592
ADD Transfer to Reserves		-	-
LESS Transfer from Reserves		(2,450,592)	-
<b>Closing Balance</b>	10(a)(iii)	<b>-</b>	<b>2,450,592</b>
<b>Total Balance of Reserves</b>		<b>7,785,124</b>	<b>9,538,038</b>

**(i) Indemnity Reserve**

The Public Trustee Indemnity Reserve has been established to meet any losses that the Public Trustee may incur in a corporate capacity. The reserve level is reviewed annually, is based on independent actuarial advice and represents a percentage of the total client assets and liabilities managed.

**(ii) Business Development Reserve**

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

**(iii) Superannuation Reserve**

The Consolidated Account was liable to meet the superannuation liability of the Office of the Public Trustee in accordance with Section 39 of the *Public Trustee Act 1941*.

**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

In 1988 State Treasury approved the establishment of a "Superannuation Fund" to meet future superannuation commitments of the Consolidated Account in relation to employees of the Public Trustee. Part of the surplus of the Common Account, which is otherwise payable to the Consolidated Account under Section 40 of the *Public Trustee Act 1941*, with Treasury approval, is set aside in the "Superannuation Fund". Payments were made to the Consolidated Account 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.

In October 2007 the Department of Treasury and Finance assumed full liability for the future superannuation commitments of the Consolidated Account in relation to employees of the Public Trustee. The total value of the Superannuation reserve was paid to the Government of Western Australia to fund this liability.

**(b) Retained Earnings**

	2008	2007
	\$	\$
Opening balance	321,911	426,021
Surplus/(Deficit)	(1,847,846)	580,915
Transfer to reserves	(770,000)	(685,025)
Transfer from reserves	2,522,914	-
<b>Closing balance</b>	<b>226,979</b>	<b>321,911</b>

**11. Accrued Fees payable to Consolidated Account**

	2008	2007
	\$	\$
<b>Accrued fees payable to Consolidated Account</b>	<b>272,281</b>	<b>374,700</b>

**12. Tax liabilities**

	2008	2007
	\$	\$
<b>GST payable</b>	<b>259,612</b>	<b>208,784</b>

**13. Notes to the Cash Flow Statement**

**(a) Reconciliation of cash**

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



**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

	2008	2007
	\$	\$
<b>Cash - Investment in Common Account</b>	<b>8,543,996</b>	<b>10,443,433</b>

**(b) Reconciliation of net cost of service before income from state government to net cash flows provided by operating activities:**

	2008	2007
	\$	\$
<b>Net Cost of Service before Income from State Government</b>	<b>(16,297,116)</b>	<b>(12,855,512)</b>

**Non-cash items:**

Employee benefits expense	9,792,926	8,912,277
Computer services	39,401	140,852
Administration expenses	2,567,022	2,310,283
Accommodation expenses	918,472	826,268
Corporate service expenses	1,131,449	1,246,747

**Reclassification:**

Fees paid to Consolidated Account	10,365,960	8,924,342
Surplus Common Account Interest paid to Consolidated Account	808,617	1,063,676
Other revenue and reserves paid to Consolidated Account	2,450,592	-

**Net GST receipts/(payments)**

Change in GST in payables	50,828	33,675
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<b>Net cash provided by operating activities</b>	<b>11,828,151</b>	<b>10,602,608</b>
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**(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.

**14. Remuneration of members of the accountable authority and senior officers**

**Remuneration of Members of the Accountable Authority**

The number of members of the Accountable Authority, whose total of fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands is:

\$	2008	2007
130,001 - 140,000	-	-
140,001 - 150,000	-	-
150,001 - 160,000	1	1
<b>Total remuneration of members of the Accountable Authority is:</b>	<b>\$152,414</b>	<b>\$152,168</b>

The total remuneration includes the superannuation expense incurred by the Public Trustee in respect of members of the Accountable Authority.

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

**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**Remuneration of Senior Officers who are not members of the Accountable Authority**

The number of senior officers, other than senior officers reported as members of the Accountable Authority, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands is:

\$	2008	2007
10,001 - 20,000	1	-
100,001 - 110,000	-	-
110,001 - 120,000	1	1
120,001 - 130,000	2	2
130,001 - 140,000	1	-
140,001 - 150,000	-	1

<b>Total remuneration of senior officers is:</b>	<b>\$521,229</b>	<b>\$501,696</b>
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The total remuneration includes the superannuation expense incurred by the Public Trustee in respect of senior officers other than senior officers reported as members of the Accountable Authority.

No senior officers are members of the Pension Scheme.

**15. Remuneration of auditor**

Remuneration payable to the Auditor General for the financial year is as follows:

	2008	2007
	\$	\$
Auditing the accounts, financial statements and performance indicators		
<b>Fees to the Auditor General</b>	<b>60,000</b>	<b>70,000</b>

**16. Contingent liabilities & Commitments**

**(a) Contingent Liabilities**

In addition to the liabilities included in the financial statements, there are the following contingent liabilities:

**Litigation**

In addition to the liabilities included in the financial statements, the Public Trustee has 9 matters where litigation against the Public Trustee may result. They involve potential claims for damages to the value of \$1.99million inclusive of court costs. All legal claims will be defended and consequently the Public Trustee believes the estimated liability will be minimal. As a result no liability has been recognised in the Financial Statements at 30 June 2008.

**Contaminated sites**

Under the *Contaminated Sites Act 2003*, the Public Trustee is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as contaminated – remediation required or possibly contaminated – investigation required, the Public Trustee may have a liability in respect of investigation or remediation expenses. During the year the Public Trustee reported no suspected contaminated sites to DEC.

**(b) Commitments**

The property lease is a non-cancellable lease with a five year term commencing 1 July 2004, with rent payable monthly in advance. Contingent rent provisions within the lease agreement require the minimum lease payments to be reviewed 1 July 2006, 1 July 2008, 1 July 2010 &

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1 July 2012. An option exists to renew the lease at the end of the five year term for an additional five years. The existing lease term expires 30 June 2009.

<b>Property Lease</b>	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Commitments for minimum lease payments are as follows:		
Within 1 year	469,170	391,950
Later than 1 year and not later than 5 years	-	470,381
Later than 5 years	-	-
	<b>469,170</b>	<b>862,331</b>

### **17. Impairment of assets**

There were no indications of impairment to assets at 30 June 2008.

The Public Trustee held no goodwill or intangible assets with an indefinite useful life during the reporting period and at balance sheet date there were no intangible assets not yet available for use.

There are no surplus assets held at 30 June 2008.

### **18. Financial instruments**

#### **(a) Financial Risk Management Objectives and Policies**

Financial instruments held by the Public Trustee are cash and cash equivalents and payables. The Public Trustee has limited exposure to financial risks.

The Public Trustee invests exclusively in the Common Account, the investments of the Common Account are in compliance with *s40 (2) Public Trustee Act 1941* which requires the Public Trustee to invest in investments authorised by law as in force immediately before the coming into operation of the *Trustees Amendment Act 1997* for the investment of trust funds, these investments are Authorised Trustee Investments.

The Public Trustee's overall risk management program focuses on managing the risks identified below.

#### **Credit Risk**

The State Government guarantees all financial assets of the Common Account and therefore no credit risk exists in respect of those amounts. The Public Trustee trades only with recognised, creditworthy third parties. The Public Trustee has policies in place to ensure that services are provided to customers with an appropriate credit history. In addition, any receivables balances are monitored on an ongoing basis with the result that the Public Trustee's exposure to bad debts is minimal. There is no significant concentration of credit risk. There has been no change from the previous period in respect of exposure to credit risk.

The only investments are cash term deposits with banks, the lowest rating being A2, the Public Trustee Building and the Commercial Loan portfolio of \$5.6 million. The only credit risk is through the direct mortgages in the loan portfolio which are secured by first mortgage over property with a maximum of 66.6% of the independently valued value of the property secured.

Term deposits are not considered a credit risk and the first mortgage over the commercial loans is very minor.

### Liquidity risk

The Public Trustee has appropriate procedures to manage cash flows including the drawing down of appropriations by monitoring forecast cash flows to ensure that sufficient funds are available to meet commitments. There has been no change from the previous period in respect of exposure to liquidity risk.

Current policies are to run down the commercial loan portfolio and the building has been an asset of the Common Account since 1970, the majority of the Common Account portfolio is in liquid form with approximately \$8 to \$10 million held in a 24 hour at call account with Western Australian Treasury Corporation (WATC) and the remainder being in 90 day term deposits with top ranking banks. The liquidity is monitored by the Financial Analyst, the Manager Finance and the Director Business Services.

### Market Risk

The Public Trustee does not trade in foreign currency and is not materially exposed to other price risks.

The Public Trustee's exposure to market risk through changes in interest rates is limited to cash which is invested in the Common Account. Common Account investments are Authorised Trustee Investments; exposure to interest rate risk is limited to short term deposits, cash and mortgage investments. There has been no change from the previous period in respect of exposure to market risk.

The Public Trustee has guidelines for limiting the exposure to any one level of bank rating A1+ is 10% to 30% of total term deposits, A1 is 30% to 70%, A2 is 20% to 40%. This ensures that the risk is spread and deposits are not placed on seeking the highest rate available on the day of maturity alone but taking into account the risk involved. The return is measured against a number of indicators including the UBS 30 day bank bill rate and the interest paid by WATC.

### (b) Categories of Financial Instruments

The carrying amount of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	2008 \$	2007 \$
<b>Financial Assets</b>		
Cash - Investment in Common Account	8,543,996	10,443,433
<b>Financial Liabilities</b>		
Accrued fees payable to Consolidated Account	272,281	374,700

### (c) Financial Instrument Disclosures

#### Credit Risk, Liquidity Risk and Interest Rate Risk Exposures

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

The Public Trustee has no material exposure to liquidity risk, with accrued fees payable being payable in August 2008.

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The following table details the Public Trustee's exposure to variable interest rate risk as at the balance sheet date. The table is based on information provided to senior management of the Public Trustee. The Public Trustee does not hold any financial assets that have had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted average effective interest rate		Carrying Amount	
	2008 %	2007 %	2008 \$'000	2007 \$'000
<b>Financial Assets</b>				
Cash - Investment in Common Account	7.26	6.53	8,544	10,443

**Financial Liabilities**

Accrued fees payable to Consolidated Account	-	-	272	375
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**Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of the Public Trustee's financial assets at the balance sheet date on the surplus for the period and equity for a 1% (100 basis points) change in interest rates. A 1% movement is considered to be reasonably possible taking into account past performance, economic forecasts and management's knowledge and experience of financial markets. It is assumed that all other variables, in particular interest rates are held constant throughout the reporting period. The analysis is performed on the same basis for 2007.

Financial Assets	Carrying amount		Profit		Equity	
	2008 \$000	2007 \$000	2008 \$000	2007 \$000	2008 \$000	2007 \$000
Cash - Investment in Common Account						
+1% (100 basis points)	8,544	10,443	85	104	85	104
-1% (100 basis points)	8,544	10,443	(85)	(104)	(85)	(104)

The sensitivity is lower in 2008 than 2007 because of a reduction in the value of cash resulting from a payment to the Consolidated Account for the value of the Superannuation Reserve.

**Fair Values**

The financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in Note 2 to the financial statements.

**19. Related bodies**

The Public Trustee is a Statutory Authority. However, its operational expenses are appropriated by Parliament to the Public Trust Administration, which is a division of the Department of the Attorney General. Financial assistance was provided during the year – refer Note 7. Full details on the financial operations of the Public Trustee are detailed in the Department of the Attorney General Annual Report.

**20. 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 business and geographical segment and as defined in Paragraph AUS1.2 of AASB 114 'Segment Reporting' not-for-profit entities are not required to comply with this standard.

**21. 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 the Public Trustee normal fees charged for trustee services and the hourly rates. There were no visitations made to the islands during the financial year.

Statement of Receipts and Expenditure for the year ended 30 June 2008:

	2008	2007
	\$	\$
<b>Opening balance</b>	5,382	5,726
Receipts	-	-
Expenditure	(238)	(344)
<b>Closing balance</b>	<u>5,144</u>	<u>5,382</u>



## 22. Explanatory statement

### (a) Significant variations between actual results for 2007 and 2008

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.

	2008 \$	2007 \$	Variance \$
<b>Expenses</b>			
Computer services	39,401	140,852	101,451
Administration expenses	2,567,022	2,310,283	(256,739)
Fees paid to Consolidated Account	10,365,960	8,924,342	(1,441,618)
Surplus Common Account Interest paid to Consolidated Account	808,617	1,063,676	255,059
Other revenue and reserves paid to Consolidated Account	2,450,592	-	(2,450,592)
<b>Income</b>			
Fees raised from Estates and Trusts	8,829,641	7,666,222	1,163,419
Public Trustee's 6% fee from Common Account	1,536,319	1,258,120	278,199
Receipts from Common Account Surplus Interest	808,617	1,063,676	(255,059)
Liabilities assumed by the Treasurer	-	416,366	(416,366)
Resources received free of charge from the Department of the Attorney General	14,449,270	13,020,061	1,429,209

#### Computer services

The variance is due to a reduction in depreciation costs for the IT System.

#### Administration expenses

Administration costs increased due to increases in budgeted funding and expenditure on the project to implement legislation changes. These costs were funded by budget increases. The Public Trustee also increased expenditure on training as part of the Cultural Change program.

#### Fees paid to Consolidated Account

The variance is due to increased fees raised from Trusts and Estates during the year, the Public Trustee Act requires all fees raised to be paid into the Consolidated Account.

#### Surplus Common Account Interest paid to Consolidated Account

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Account Interest. As detailed in Note 9, the Public Trustee determined to pay a reduced amount into the Consolidated Account and retain the remainder as reserves and retained profit.

#### Other revenue and reserves paid to Consolidated Act

In October 2007 the Department of Treasury and Finance assumed full liability for the future superannuation commitments of the Consolidated Account in relation to employees of the Public Trustee. The total value of the Superannuation reserve was paid to the Government of Western Australia to fund this liability.

#### Fees raised from Estates and Trusts

The variance is due to increased fees raised from Trusts and Estates during the year.

**Public Trustee's 6% fee from Common Account**

The variance results from the increases to Common Account earnings, from which the 6% fee is raised.

**Receipts from Common Account Surplus Interest**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Account Interest. As detailed in Note 9, the Public Trustee determined to pay a decreased amount into the Consolidated Account and retain the remainder as reserves and retained profit.

**Liabilities assumed by the Treasurer**

The "Liabilities assumed by the Treasurer" is a notional income to match the notional superannuation expense reported in respect of current employees who are members of the Pension Scheme and current employees who have a transfer benefit entitlement under the Gold State Superannuation Scheme. Where the Treasurer has assumed a liability, the Public Trustee recognises revenues equivalent to the amount of the liability assumed and an expense relating to the nature of the event or events that initially gave rise to the liability.

The value of superannuation liabilities assumed by the Treasurer decreased for the Department of the Attorney General from 30 June 2007 to 30 June 2008; therefore in accordance with TI 1101A the net gain is not included in the calculation of superannuation expense.

**Resources received free of charge from the Department of the Attorney General**

The variance is caused by budget increases received Mid-Year, to fund the increase in accommodation costs and the implementation of legislation changes capital works project. The Public Trustee funded the expenditure in excess of budget through increased revenue payments to the Consolidated Account.

**(b) Significant variations between estimated and actual results for 2008**

Section 40 of the *Financial Management Act 2006* requires the Accountable Authority of a statutory authority to prepare annual estimates of the financial operations of the statutory authority. Treasurer's Instruction 945 requires an explanation of significant variations between these estimates and actual results.

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

	2008 Actual \$	2008 Estimate \$	Variance \$
<b>Expenses</b>			
Administration expenses	2,567,022	720,600	(1,846,422)
Accommodation expenses	918,472	747,340	(171,132)
Corporate service expense	1,131,449	1,286,600	155,151
Fees paid to Consolidated Account	10,365,960	8,200,000	(2,165,960)
Surplus Common Account Interest paid to Consolidated Account	808,617	1,738,000	929,383
Other revenue paid to Consolidated Account	2,450,592	-	(2,450,592)
<b>Income</b>			
Fees raised from Estates and Trusts	8,829,641	6,865,000	1,964,641
Public Trustee's 6% fee from Common Account	1,536,319	1,335,000	201,319
Receipts from Common Account Surplus Interest	808,617	1,738,000	(929,383)
Liabilities assumed by the Treasurer	-	392,000	(392,000)
Resources received free of charge from the Department of the Attorney General	14,449,270	12,718,740	1,730,530

**Administration expenses**

Due to unbudgeted increases in Employee benefits, some of the administration budget was allocated to fund the increase whilst budget submissions were submitted to request funding. Increased budget funding was not approved and the Public Trustee funded the increases by increases in revenue paid to the consolidated account. Budget increases were approved for the commencement of the legislation changes implementation project. The Public Trustee also increased expenditure on training as part of the Cultural Change program.

**Accommodation expenses**

The Public Trustee experienced a rent increase during 2008 which was funded by a budget increase.

**Corporate service expenses**

The variance is due to a decrease in corporate services costs allocated by the Department of the Attorney General.

**Fees paid to Consolidated Account**

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

**Surplus Common Account Interest paid to Consolidated Account**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Account Interest. As detailed in Note 9, the Public Trustee determined to pay a reduced amount into the Consolidated Account.

**Other revenue and reserves paid to Consolidated Act**

As part of budget negotiations, in October 2007, the Department of Treasury and Finance assumed full liability for the future superannuation commitments of the Consolidated Account in relation to employees of the Public Trustee. The total value of the Superannuation reserve was paid to the Government of Western Australia to fund this liability.

**Fees raised from Estates and Trusts**

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

**Public Trustee's 6% fee from Common Account**

The variance results from the increases to Common Account earnings, from which the 6% fee is raised.

**Receipts from Common Account Surplus Interest**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Account Interest. As detailed in Note 9, the Public Trustee determined to pay a reduced amount into the Consolidated Account.

**Liabilities assumed by the Treasurer**

The value of superannuation liabilities assumed by the Treasurer decreased for the Department of the Attorney General from 30 June 2007 to 30 June 2008; in accordance with TI 1101A the net gain is not included in the calculation of superannuation expense.

**Resources received free of charge from the Department of the Attorney General**

The variance is caused by budget increases received Mid-Year, to fund the increase in accommodation costs and the implementation of legislation changes capital works project. The Public Trustee funded the expenditure in excess of budget through increased revenue payments to the Consolidated Account.

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**NOTES TO THE FINANCIAL STATEMENTS**  
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**23. 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(15)(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 2008:**

**NET TRUST ASSETS UNDER ADMINISTRATION WERE:**

		<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>
<b>ESTATES AND TRUSTS</b>	<b>Note</b>		
Deceased Estates		155,348,808	160,472,368
Direct Action		2,922,197	2,642,580
Entitled Trusts		267,146,932	289,748,821
Protected Management		197,559,774	194,838,317
Testamentary Trusts		59,290,223	58,054,440
Power of Attorney		34,254,448	26,838,707
Trusts		32,305,306	31,628,830
Safe-care		8,197,027	7,265,164
<b>NET TRUST ASSETS</b>		<b>757,024,715</b>	<b>771,489,227</b>
<b>REPRESENTED BY:</b>			
<b>INVESTMENTS AND LOANS</b>			
Investments in Common Account	24(h)	299,402,095	289,453,049
Bank deposits		45,783,604	42,280,920
Equities	23(i)	50,867,522	59,791,262
Unit Trusts	23(i)	93,334,684	124,597,456
Life Policies	23(ii)	1,303,528	1,158,094
Real Estate	23(iii)	259,496,199	247,682,442
Other Assets	23(iv)	21,777,310	17,099,150
Total Investment and Loan Assets		771,964,942	782,062,373
<b>TOTAL TRUST ASSETS</b>		<b>771,964,942</b>	<b>782,062,373</b>
<b>CURRENT LIABILITIES</b>			
Creditors		9,259,772	7,257,622
Loans		858,622	612,746
Mortgages – Deceased estates		1,016,430	797,148
Total Current Liabilities		11,134,824	8,667,516
<b>NON CURRENT LIABILITIES</b>			
Mortgages – Trust estates		3,805,403	1,905,630
Total Non Current Liabilities		3,805,403	1,905,630
<b>TOTAL TRUST LIABILITIES</b>		<b>14,940,227</b>	<b>10,573,146</b>
<b>NET TRUST ASSETS</b>		<b>757,024,715</b>	<b>771,489,227</b>

**Basis of Valuation(s):**

**(i) Equities and Unit Trusts**

For deceased estates the valuation is at the date of death. In other matters, the valuation for equities is at 30 June 2008 and sourced from market publications. Valuation of unit trusts is recorded at cost.

**(ii) Life Policies**

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

**(iii) Real Estate**

Deceased estate valuations are conducted by registered valuers, with values effective at the date of death. In other matters, real estate is shown at last valuation, cost or estimated value. Where estimates are made, appropriate Public Trustee personnel assess the value at time of inspection. It is not the policy of the Public Trustee to regularly value real estate since it is considered an unnecessary expense to impose on the client.

**(iv) Other Assets**

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

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

**24. Public Trustee Common Account**

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



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**24(a) PUBLIC TRUSTEE COMMON ACCOUNT**  
**INCOME STATEMENT**  
**For the year ended 30 June 2008**

	Note	2008 \$	2007 \$
<b>EXPENSES</b>			
Doubtful Debts		5,503	3,457
Investment expenses		960,786	1,008,591
Public Trustee 6% fee		1,536,319	1,258,120
Interest paid to Estates and Trusts	24(e)	19,748,163	16,634,434
Interest paid to Public Trustee		612,066	606,280
<b>Total expenses before payments to Consolidated Account</b>		<b>22,862,837</b>	<b>19,510,882</b>
Payments to Consolidated Account (via Public Trustee)		808,617	1,063,676
<b>Total expenses</b>		<b>23,671,454</b>	<b>20,574,558</b>
<b>INCOME</b>			
Income on Investments		26,566,076	21,977,336
Doubtful Debts recovered		6,062	9,447
Increment from revaluation of investment		10,195,670	12,783,258
<b>Total income</b>		<b>36,767,808</b>	<b>34,770,041</b>
<b>NET PROFIT</b>	24(j)(ii)	<b>13,096,354</b>	<b>14,195,483</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>13,096,354</b>	<b>14,195,483</b>

The Income Statement should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE**  
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**24(b) PUBLIC TRUSTEE COMMON ACCOUNT**  
**BALANCE SHEET**  
**As at 30 June 2008**

	<b>Note</b>	<b>2008</b>	<b>2007</b>
		<b>\$</b>	<b>\$</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash at Bank	24(j)(i)	6,682,831	7,735,747
Cash Equivalent (Money Market)	24(j)(i)	310,000,000	295,000,000
Debtors		-	70,832
Accrued Mortgage fees		10	-
Advances to Estates	24(f)	-	-
Accrued Interest		3,332,591	3,496,141
<b>Total Current Assets</b>		<b>320,015,432</b>	<b>306,302,720</b>
<b>Non-Current Assets</b>			
Property – Building (at Fair Value)	2(b), 24(g)(ii)	35,500,000	25,300,000
Mortgage Loans (at Cost)	2(b), 24(g)(i)	5,665,000	7,863,900
<b>Total Non-Current Assets</b>		<b>41,165,000</b>	<b>33,163,900</b>
<b>TOTAL ASSETS</b>		<b>361,180,432</b>	<b>339,466,620</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Fees & Accrued Taxation		17,658	26,225
Creditors		10,088	95,093
Stamp Duty Recouped		602	300
Public Trustee Funds	13(a)	8,543,996	10,443,433
Accrued Interest due to Estates and Trusts		4,944,943	4,283,824
<b>Total Current Liabilities</b>		<b>13,517,287</b>	<b>14,848,875</b>
<b>Non-Current Liabilities</b>			
Estates & Trusts under Administration	2(c), 24(h)	299,402,095	289,453,049
<b>TOTAL LIABILITIES</b>		<b>312,919,382</b>	<b>304,301,924</b>
<b>NET ASSETS</b>		<b>48,261,050</b>	<b>35,164,696</b>
<b>EQUITY</b>			
Common Account Investment reserve	24(i)(i)	24,782,380	19,782,380
Retained earnings	24(i)(ii)	23,478,670	15,382,316
<b>TOTAL EQUITY</b>		<b>48,261,050</b>	<b>35,164,696</b>

The Balance Sheet should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**24(c) PUBLIC TRUSTEE COMMON ACCOUNT**  
**STATEMENT OF CHANGES IN EQUITY**  
**For the year ended 30 June 2008**

	Note	2008 \$	2007 \$
<b>Balance of equity at start of period</b>		<b>35,164,696</b>	<b>20,969,213</b>
<b>RESERVES</b>			
<b>Common Account Investment reserve</b>			
Balance at start of period		19,782,380	19,782,380
Transfers to reserves		5,000,000	-
Balance at end of period	24(i)(i)	<u>24,782,380</u>	<u>19,782,380</u>
<b>RETAINED EARNINGS</b>			
Balance at start of period		15,382,316	1,186,833
Surplus for the period		13,096,354	14,195,483
Transfer to reserves		(5,000,000)	-
Balance at end of period	24(i)(ii)	<u>23,478,670</u>	<u>15,382,316</u>
<b>Balance of equity at end of period</b>		<u><b>48,261,050</b></u>	<u><b>35,164,696</b></u>
<b>Total income &amp; expenses for the period</b>		<u><b>13,096,354</b></u>	<u><b>14,195,483</b></u>

The Statement of Changes in equity should be read in conjunction with the accompanying notes.

**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**24(d) PUBLIC TRUSTEE COMMON ACCOUNT**  
**CASH FLOW STATEMENT**  
**For the year ended 30 June 2008**

	Note	2008 Inflows (Outflows) \$	2007 Inflows (Outflows) \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Income on Investments		25,173,631	19,659,250
Doubtful Debts recovered		6,062	9,447
<b>Payments</b>			
Interest paid to Estates and Trusts		(19,748,163)	(16,634,434)
Interest paid to Public Trustee		(612,066)	(606,280)
Investment expenses		(960,786)	(1,008,591)
<b>Net Cash provided by operating activities</b>	24(j)(ii)	<u>3,858,678</u>	<u>1,419,392</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from maturing mortgages		2,198,900	3,722,950
Payment for building improvements		(4,330)	(296,742)
<b>Net cash provided by investing activities</b>		<u>2,194,570</u>	<u>3,426,208</u>
<b>CASH FLOWS FROM ESTATES, TRUSTS &amp; PUBLIC TRUSTEE</b>			
Surplus Common Account Interest paid to Public Trustee		(808,617)	(1,063,676)
From Public Trustee's liability		(1,899,437)	730,737
From Estates and Trusts		10,601,890	18,232,034
<b>Net cash provided /(used) by estates, trusts &amp; Public Trustee</b>		<u>7,893,836</u>	<u>17,899,095</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>13,947,084</b>	<b>22,744,695</b>
Cash and cash equivalents at the beginning of period		302,735,747	279,991,052
<b>Cash and cash equivalents at the end of period</b>	24(j)(i)	<u><b>316,682,831</b></u>	<u><b>302,735,747</b></u>

The Cash Flow Statement 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 AASB 107 Cash Flow Statements, Paragraph 22.

**PUBLIC TRUSTEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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**24(e) Interest Paid to Estates and Trusts**

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

	2008	2007
	\$	\$
Interest paid to Estates and Trusts	<u>19,748,163</u>	<u>16,634,434</u>

**24(f) Advances to Estates**

	2008	2007
	\$	\$
Advances to Estates	<u>-</u>	<u>-</u>

**24(g) Investments (Common Account)**

	2008	2007
	\$	\$
<b>(i) At Cost:</b>		
Mortgage Loans	5,665,000	7,863,900
	<u>5,665,000</u>	<u>7,863,900</u>
<b>(ii) At fair value:</b>		
Land and Building	35,500,000	25,300,000
	<u>35,500,000</u>	<u>25,300,000</u>
<b>Total</b>	<u><b>41,165,000</b></u>	<u><b>33,163,900</b></u>

Land and buildings were revalued in June 2008, in accordance with an independent valuation performed by Landgate, Western Australian Land Information Authority. The valuation was performed on the basis of current market values of the freehold interest in the Public Trust Building encumbered by the existing leases.

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

	2008	2007
	\$	\$
Carrying amount at beginning of year	25,300,000	12,220,000
Additions	4,330	296,742
Revaluation increment/(decrement)	10,195,670	12,783,258
Carrying amount at end of year	<u><b>35,500,000</b></u>	<u><b>25,300,000</b></u>

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**24(h) Estates and Trusts under Administration**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Activity</b>		
Deceased Estates	41,502,316	42,764,561
Direct Action	2,879,547	2,605,781
Entitled Trusts	113,519,774	109,867,160
Protected Management	75,422,565	73,729,683
Testamentary Trusts	28,010,888	26,853,861
Power of Attorney	11,557,546	10,999,478
Trusts	18,312,432	15,367,361
Safe-care	8,197,027	7,265,164
<b>Total estates and trusts under administration</b>	<b>299,402,095</b>	<b>289,453,049</b>

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

**24(i) Equity**

**(i) Reserves**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Common Account Investment Reserve</b>		
Opening balance	19,782,380	19,782,380
ADD Transfer to Reserves	5,000,000	-
Closing balance	<b>24,782,380</b>	<b>19,782,380</b>

On 1 July 2008 amendments to the *Public Trustee Act 1941* were proclaimed to take affect, section 6B requires circumstances in which money may be transferred to or from a reserve fund and the uses to which money in a reserve fund may be put, to be prescribed in the current agreement. The current agreement is a written agreement between the Minister and the Public Trustee for a 12 month period.

The Current Agreement 2008-09 prescribes that funds held in the Common Account Reserve may be applied to stabilise the Common Account interest paid to estates, meet losses on Common Account Investments and to maintain Common Account Assets.

**(ii) Retained Earnings**

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
Opening balance	15,382,316	1,186,833
Net profit	13,096,354	14,195,483
Transfer (to)/from reserves	(5,000,000)	-
Closing balance	<b>23,478,670</b>	<b>15,382,316</b>



## 24(j) Notes to the Cash Flow Statement

### (i) Reconciliation of Cash

For the purpose of the Cash Flow Statement, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value. Cash at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Income Statement as follows:

	2008	2007
	\$	\$
Cash	6,682,831	7,735,747
Cash Equivalents (Money Market)	310,000,000	295,000,000
<b>Cash &amp; Cash Equivalents</b>	<b>316,682,831</b>	<b>302,735,747</b>

### (ii) Reconciliation of surplus to net cash flows provided by operating activities.

	2008	2007
	\$	\$
<b>Surplus</b>	<b>13,096,354</b>	<b>14,195,483</b>
<i>Non-cash items:</i>		
Payments to Consolidated Account	808,617	1,063,676
Increment from revaluation of investment	(10,195,670)	(12,783,258)
<i>Decrease /(Increase) in assets:</i>		
Debtor	70,832	(64,766)
Accrued interest	163,550	(1,044,737)
<i>(Decrease)/Increase in liabilities:</i>		
Creditors	(85,005)	74,594
Interest received in advance	-	(21,600)
<b>Net cash provided by operating activities</b>	<b>3,858,678</b>	<b>1,419,392</b>

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

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

## 24(k) Financial Instruments

### (i) Financial Risk Management Objectives and Policies

Financial instruments held by the Common Account are cash and cash equivalents, loans, receivables and payables. The Common Account has limited exposure to financial risks, the investments of the Common Account are in compliance with *s40 (2) Public Trustee Act 1941* which requires the Public Trustee to invest in investments authorised by law as in force immediately before the coming into operation of the *Trustees Amendment Act 1997* for the investment of trust funds, these investments are Authorised Trustee Investments.

The Common Account's overall risk management program focuses on managing the risks identified below.

**Credit Risk**

The State Government guarantees all financial assets of the Common Account 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 Account investments. Receivables balances are monitored on an ongoing basis with the result that the Common Account's exposure to bad debts is minimal. There are no significant concentrations of credit risk. There has been no change from the previous period in respect of exposure to credit risk.

**Liquidity risk**

The Public Trustee has appropriate procedures to manage cash flows of the Common Account by monitoring forecast cash flows to ensure that sufficient funds are available to meet its commitments. There has been no change from the previous period in respect of exposure to credit risk.

**Market risk**

The Common Account does not trade in foreign currency and is not materially exposed to other price risks.

The Common Account's investments are Authorised Trustee Investments and exposure to interest rate risk is limited to cash and cash equivalents and mortgages. Mortgages have both a fixed and variable interest rate with short-term maturities less than 3 years. There has been no change from the previous period in respect of exposure to credit risk.

**(ii) Categories of Financial Instruments**

The carrying amount of each of the following categories of financial assets and financial liabilities at the balance sheet date are as follows:

	<b>2008</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Financial Assets</b>		
Cash	6,682,831	7,735,747
Cash Equivalent	310,000,000	295,000,000
Receivables	10	70,832
Accrued Interest receivable	3,332,591	3,496,141
Investments – Mortgages	5,665,000	7,863,900
<b>Financial Liabilities</b>		
Payables	28,348	121,618
Public Trustee Funds	8,543,996	10,443,433
Accrued Interest due to Estates and Trusts	4,944,943	4,283,824
Estates & Trusts under Administration	299,402,095	289,453,049

**PUBLIC TRUSTEE**  
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**(iii) Financial Instrument Disclosures**

**Credit Risk, Liquidity Risk and Interest Rate Risk Exposures**

The Common Account has no material exposure to liquidity risk.

The following table details the Common Account's exposure to liquidity risk and interest rate risk as at the balance sheet date. The State Government guarantees all financial assets of the Common Account and therefore no credit risk exists in respect of those amounts. The table is based on information provided to senior management of the Public Trustee.

The Common Account does not hold any financial assets that have had to have their terms renegotiated that would have otherwise resulted in them being past due or impaired.

	Weighted average effective interest rate %	Variable Interest Rate \$'000	Non- Interest Bearing \$'000	Contractual Maturity Dates:				Total \$'000
				Within 1 year \$'000	1 – 2 years \$'000	2 – 3 years \$'000	More than 3 years \$'000	
<b>2008</b>								
<b>Financial Assets</b>								
Cash at Bank	6.86	6,683	-	-	-	-	-	6,683
Cash Equivalent (Money Market)	7.25	310,000	-	-	-	-	-	310,000
Receivables	-	-	-	-	-	-	-	-
Accrued Interest receivable	-	-	3,333	-	-	-	-	3,333
Investment mortgages	9.45	-	-	1,015	3,250	1,400	-	5,665
<b>Total Financial Assets</b>		<b>316,683</b>	<b>3,333</b>	<b>1,015</b>	<b>3,250</b>	<b>1,400</b>	<b>-</b>	<b>325,681</b>
<b>Financial Liabilities</b>								
Payables	-	-	28	-	-	-	-	28
Public Trustee Funds	7.26	8,544	-	-	-	-	-	8,544
Accrued Interest due to Estates & Trusts	-	-	4,945	-	-	-	-	4,945
Estates & Trusts:								
Estates	3.00	3,776	-	-	-	-	-	3,776
Estates	3.25	26,382	-	-	-	-	-	26,382
Estates	3.50	11,344	-	-	-	-	-	11,344
Trusts & Other	6.85	36,207	-	-	-	-	-	36,207
Trusts & Other	7.35	146,335	-	-	-	-	-	146,335
Trusts & Other	7.85	75,358	-	-	-	-	-	75,358
<b>Total Financial Liabilities</b>		<b>307,946</b>	<b>4,973</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>312,919</b>
<b>Net Financial Assets/(Liabilities)</b>		<b>8,737</b>	<b>(1,640)</b>	<b>1,015</b>	<b>3,250</b>	<b>1,400</b>	<b>-</b>	<b>12,762</b>

## PUBLIC TRUSTEE

NOTES TO THE FINANCIAL STATEMENTS  
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	Weighted average effective interest rate	Variable Interest Rate	Non- Interest Bearing	Contractual Maturity Dates:				Total
				Within 1 year	1 – 2 years	2 – 3 years	More than 3 years	
2007	%	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial Assets</b>								
Cash at Bank	5.97	7,736	-	-	-	-	-	7,736
Cash Equivalent (Money Market)	6.33	295,000	-	-	-	-	-	295,000
Receivables	-	-	71	-	-	-	-	71
Accrued Interest receivable	-	-	3,496	-	-	-	-	3,496
Investment Mortgages	8.61	-	-	6,734	730	400	-	7,864
Total Financial Assets		302,736	3,567	6,734	730	400	-	314,167
<b>Financial Liabilities</b>								
Payables	-	-	122	-	-	-	-	122
Public Trustee Funds	6.53	10,443	-	-	-	-	-	10,443
Accrued Interest due to Estates & Trusts	-	-	4,284	-	-	-	-	4,284
Estates & Trusts:								
Estates	3.00	3,504	-	-	-	-	-	3,504
Estates	3.25	26,172	-	-	-	-	-	26,172
Estates	3.50	13,088	-	-	-	-	-	13,088
Trusts & Other	6.15	33,609	-	-	-	-	-	33,609
Trusts & Other	6.75	144,550	-	-	-	-	-	144,550
Trusts & Other	7.15	68,530	-	-	-	-	-	68,530
Total Financial Liabilities		299,896	4,406	-	-	-	-	304,302
<b>Net Financial Assets/(Liabilities)</b>		<b>2,840</b>	<b>(839)</b>	<b>6,734</b>	<b>730</b>	<b>400</b>	<b>-</b>	<b>9,865</b>

**Interest rate sensitivity analysis**

The following table represents a summary of the interest rate sensitivity of the Common Account's financial assets and liabilities at the balance sheet date on the surplus for the period and equity for a 1% (100 basis points) change in interest rates. A 1% movement is considered to be reasonably possible taking into account past performance, economic forecasts and management's knowledge and experience of financial markets. It is assumed that all other variables, in particular interest rates are held constant throughout the reporting period.

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The analysis is performed on the same basis for 2007.

	<b>Carrying amount</b>		<b>Profit</b>		<b>Equity</b>	
	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>	<b>2008</b>	<b>2007</b>
	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>	<b>\$000</b>
<b>Financial Assets</b>						
+1% (100 basis points)	320,848	307,633	3,208	3,076	3,208	3,076
-1% (100 basis points)	320,848	307,633	(3,208)	(3,076)	(3,208)	(3,076)
<b>Financial Liabilities</b>						
+1% (100 basis points)	307,945	299,896	3,079	2,999	3,079	2,999
-1% (100 basis points)	307,945	299,896	(3,079)	(2,999)	(3,079)	(2,999)

**Fair Values**

The financial assets and liabilities recognised in the balance sheet, whether they are carried at cost or fair value, are recognised at amounts that represent a reasonable approximation of fair value unless otherwise stated in Note 2 to the financial statements.

**24(I) Explanatory Statement**

**Significant variances between actual results for 2007 and 2008**

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.

	<b>2008</b>	<b>2007</b>	<b>Variance</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Expenditure</b>			
Public Trustee 6% fee	1,536,319	1,258,120	(278,199)
Interest paid to Estates and Trusts	19,748,163	16,634,434	(3,113,729)
Payments to Consolidated Account (via Public Trustee)	808,617	1,063,676	255,059
<b>Income</b>			
Income on Investments	26,566,076	21,977,336	4,588,740
Increment from revaluation of investment	10,195,670	12,783,258	2,587,588

**Income on Investments**

The variance is due to increased rates of return on the Common Account investments.

**Increment from revaluation of investment**

The variance is due to an increment on revaluation of Public Trust Building in June 2008 (refer notes 2(b)(ii) and 24 (g)(ii)).

**Public Trustee 6% fee**

The variance is due to increased rates of return on the Common Account investments on which the Public Trustee collects a fee.

**Interest distributed to Estates and Trusts**

The variance is due to the distribution of increased Common Account returns to clients.

**Payments to Consolidated Account (via Public Trustee)**

Following the payment of interest to trusts, estates and to the Public Trustee any surplus earnings are deemed to be Surplus Common Account Interest. As detailed in Note 9, the

**PUBLIC TRUSTEE**  
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Public Trustee determined to pay a reduced amount into the Consolidated Account (Section 40(4) (c) of *Public Trustee Act 1941*), and retain a higher portion as reserves and retained profit.





## Key Performance Indicators

### Certification of Key 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 2008.



**John Skinner**  
B Sc, Grad. Dip FP  
Accountable Authority  
10 September 2008

**PUBLIC TRUSTEE**  
**KEY PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

Detailed Information in Support of Key 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 preserving and enhancing their right to justice and safety. Providing trustee services is the responsibility of the Public Trustee.

The Public Trustee is a Statutory Authority within the provisions of the *Financial Management Act 2006*. It provides a funds management and investment service through the operations of the Common Account - an at-call investment facility backed by the State – and acts as trustee or financial administrator pursuant to the orders of courts or tribunals. It also administers the estates of people who die with or without a Will, in accordance with the terms of the Will or the relevant law and under the authority of the Supreme Court.

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

Key performance indicators have been selected to measure the Office's effectiveness and efficiency in fulfilling the duties of the *Public Trustee Act 1941*.

**Key Service    Trustee Services**

Trustee services include:

- administering estates of people who die with or without a Will (estate administration);
- managing the financial affairs of people who are unable or unwilling to manage their financial affairs (trust management);
- preparing Wills and powers of attorney for people who wish to appoint the Public Trustee as their executor or donee (Wills); and
- examining the accounts of administration orders (this has been transferred to the Public Trustee from the Guardianship and Administration Board).

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

**Effectiveness**

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

This indicator measures the level of client satisfaction with the quality of trustee services provided. In 2008, Patterson Market Research conducted a telephone survey among a random sample of the Public Trustee client base. The sample client base consisted of:

- (a) clients aged over 18 years;
- (b) clients with an active account in the 2008 financial year; and
- (c) clients who are capable of making meaningful comment, that is, those who are known not to be suffering from dementia or in a comatose state, etc.

Based on the above definition, a random sample of clients was generated and selected, representing a cross-section of clients who use trustee services.

	2003	2004	2005	2006	2007	Actual 2008	Target 2008
<b>Extent to which trust management services meet the needs of customers</b>	80%	76%	76%	82%	72%	79%	80%

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**KEY PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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

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

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

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

1,644 estates were referred to the Public Trustee; this represents 13% of all estates of adults who died in 2008. They were referred either as executor of the estate or the beneficiaries of the estate seeking assistance. The Public Trustee aimed to reach a target of 14%.

	2003	2004	2005	2006	2007	Actual 2008	Target 2008
<b>Number of estates relative to the number of adult (18 years and over) deaths in Western Australia.</b>	<b>18%</b>	<b>16%</b>	<b>16%</b>	<b>14%</b>	<b>14%</b>	<b>13%</b>	<b>14%</b>
Number of adult deaths in WA	11,074	11,175	10,929	11,606	11,718	12,343	N/A
Number of deceased estates referred	1,965	1,815	1,716	1,629	1,631	1,644	N/A

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

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

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

In 2008, the Public Trustee administered 1,404 estates that named the Public Trustee as executor. The Public Trustee's market share for this period was 11%.

	2003	2004	2005	2006	2007	Actual 2008	Target 2008
<b>Extent to which Public Trustee maintains a market share in drawing Wills naming the Public Trustee as executor</b>	<b>15%</b>	<b>14%</b>	<b>13%</b>	<b>12%</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>
Number of adult deaths in WA	11,074	11,175	10,929	11,606	11,718	12,343	N/A
Number of estates in which the Public Trustee had prepared a Will.	1,621	1,535	1,460	1,418	1,411	1,404	N/A

**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.

**PUBLIC TRUSTEE**  
**KEY PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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

The average time taken to complete an estate, if completed within twelve months, was 6.5 months, based on the date of final completion.

	2003	2004	2005	2006	2007	Actual 2008	Target 2008
<b>Percent of estates finalised within 12 months of being reported</b>							
<b>Within 12 months</b>	<b>54%</b>	<b>62%</b>	<b>67%</b>	<b>67%</b>	<b>67%</b>	<b>64<sup>1</sup>%</b>	<b>71%</b>
Within 9 months	40%	52%	56%	56%	55%	50%	57%
Within 6 months	22%	35%	41%	39%	37%	31%	41%

<sup>1</sup> The variance to target is due to the increasing complexity of estates (in particular Share Registry compliance requirements increasing) and contesting of Testamentary capacity.

## Efficiency

### 1.5 Cost per trust managed

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

	2003	2004	2005	2006	2007	Actual 2008	Target 2008
<b>Cost per trust managed</b>	<b>\$946</b>	<b>\$1,012</b>	<b>\$1,122</b>	<b>\$1,169</b>	<b>\$1,332</b>	<b>\$1,402</b>	<b>\$1,306</b>
Number of trusts managed	4,915	4,847	4,846	4,649	4,721	4,790	4,750

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

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

	2003	2004	2005	2006	2007	Actual 2008	Target 2008
<b>Cost per deceased estate administered</b>	<b>\$1,670</b>	<b>\$2,128</b>	<b>\$1,803</b>	<b>\$1,731</b>	<b>\$1,764</b>	<b>\$1,814</b>	<b>\$1,763</b>
Number of deceased estates administered	3,183	2,635	2,941	3,095	3,150	3,256	3,000

	2003	2004	2005	2006	2007	Actual 2008	Target 2008
<b>Cost per will prepared</b>	<b>\$213</b>	<b>\$232</b>	<b>\$285</b>	<b>\$299</b>	<b>\$275</b>	<b>\$301</b>	<b>\$260</b>
Number of wills prepared	4,188	4,063	3,832	3,497	3,669	3,840	4,100

**PUBLIC TRUSTEE**  
**KEY PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**Common Account 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.

**1.7(a) Common Account Earning Rate**

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

<b>As at 30 June</b>	<b>Public Trustee Deceased Estates*</b>	<b>Public Trustee Other Trusts*</b>	<b>Public Trustee Investment Agencies*</b>	<b>Bank Cash Management Accounts (\$10,000)</b>	<b>Bank Transaction accounts (\$5,000)</b>	<b>Cash Management Trust</b>
	%	%	%	%	%	%
<b>2003</b>	3.00	3.75, 4.50 & 4.75	3.75, 4.50 & 4.75	1.85	0.00	3.90
<b>2004</b>	3.00, 3.25 & 3.50	4.30, 5.30 & 5.70	4.30, 5.30 & 5.70	2.50	0.00	4.75
<b>2005</b>	3.00, 3.25 & 3.50	4.80, 5.40 & 5.80	4.80, 5.40 & 5.80	2.55	0.00	4.25
<b>2006</b>	3.00, 3.25 & 3.50	4.80, 5.40 & 5.80	4.80, 5.40 & 5.80	2.55	0.00	4.90
<b>2007</b>	3.00, 3.25 & 3.50	6.15, 6.75 & 7.15	6.15, 6.75 & 7.15	5.10	0.00	5.45
<b>2008</b>	<b>3.00, 3.25 &amp; 3.50</b>	<b>6.85, 7.35 &amp; 7.85</b>	<b>6.85, 7.35 &amp; 7.85</b>	<b>6.05**</b>	<b>0.00**</b>	<b>6.35**</b>

(\*Rates effective as at 30 June)

(\*\*As published in the Reserve Bank Bulletin – July 2008 issue)

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

**1.7(b) Public Trustee's Common Account 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 Account 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:

	<b>2003</b>	<b>2004</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
	%	%	%	%	%	%
Treasury Earning Rate	4.93	5.11	5.44	5.59	6.13	<b>7.03</b>
CMT Benchmark Rate	4.67	4.99	5.41	5.64	6.22	<b>6.86</b>
Public Trustee Common Account	5.49	5.63	5.91	5.91	6.53	<b>7.26</b>

**PUBLIC TRUSTEE**  
**KEY PERFORMANCE INDICATORS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

In the twelve months to 30 June 2008, the Public Trustee Common Account achieved a net return of 7.26% on the investment of the funds comprising the Common Account. Average funds under management for the year to 30 June totalled \$352.7 million.

**Efficiency**

**1.7(c) Common Account Investment Cost per Dollar Invested**

The Public Trustee is responsible for the management and investment of the funds that comprise the Common Account, as well as funds invested in the financial market. At 30 June 2008 the average value of the Common Account for the year was \$352.7 million, with a further \$144.2 million invested in the financial market on behalf of individual clients.

The cost of managing these funds in 2008 was \$405,409\* or 0.08% of the mean value of the funds under management. Comparatives to previous financial years are as follows:

	2003	2004	2005	2006	2007	2008
Cost of managing funds*	\$420,186	\$370,269	\$398,414	\$416,701	\$556,493	<b>\$405,409</b>
Percentage of funds under management.	0.13%	0.10%	0.10%	0.10%	0.11%	<b>0.08%</b>

(\* 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. On-costs are charged at 66% of direct salary).



## Ministerial Directives

No Ministerial directives were received during the financial year.

## Other Financial Disclosures

### Pricing Policies of Services Provided

Under Treasurer's Instruction 903 section 13(i), the Public Trustee is required to advise of the policies underlying the pricing of its goods and services. The pricing policy adopted by the Public Trustee in setting fees and charges is contained in legislation under the *Public Trustee Act 1941* and in Regulations. Fees and charges are reviewed annually and requests for variations are referred to the Attorney General for his approval. The current fee structure is being reviewed as a result of the amendments to the Act and proposed changes will be contained in the Annual Agreement between the Public Trustee and the Attorney General to be signed in June of each year.

### Capital Works

No capital works were undertaken during the financial year.

### Employee and Industrial Relations

#### Employee Profile

The current FTE level in the Public Trustee is 148, compared with 139.4 in 2006/07 and represents an increase of 6.4%. The Public Trustee employed two Aboriginal employees as at 30 June 2008, making up 1.31% of the workforce.

#### Employee Profile for 2007/08

	Male	%	Female	%	Total
Professional	3	28.30	7.6	71.70	10.6
Clerical	69	50.22	68.4	49.78	137.4
Total	72		76		148

#### Employee Profile by Program 2007/08

	Male	%	Female	%	Total
Trustee Services	54	53.89	46.2	46.11	100.2
Business Development	0	0.00	1	100.00	1
Business Services	6	34.88	11.2	65.12	17.2
Legal	4	36.36	7	63.64	11
Corporate Support	7	53.85	6	46.15	13
Administration	1	17.86	4.6	82.14	5.6

#### Appointment Pools for the Public Trustee advertised during 2007/08

Position	Level	Date advertised	Number of applicants
Trust Manager	2	19/1/2008	48
Estate Manager	2	2/3/2008	24
Estate manager	2	25/8/2007	16

### Industrial action

No industrial action was taken by Public Trustee employees in 2007/08.

**Unions**

Public Trustee employees are covered by the Community and Public Sector Union/Civil Service Association. A Joint Consultative Committee of management and union representatives meets every eight weeks.

**Occupational Safety and Health**

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.

Some of the year's initiatives have been:

- completion of the security modifications to the Level 7 Reception counter;
- implementation of the Critical Incident procedures and register has continued to be used to record and monitor client behaviour and initiate appropriate actions;
- the success of employer-funded Influenza Vaccination Program in which 42.5% of Public Trustee employees participated; and
- contribution to the broader community through donations of \$6,674.40 raised on Casual Dress Fridays for four charities - Alzheimer's Australia WA, Motor Neurone Disease Association of WA, Multiple Sclerosis Society of WA and The Centre for Cerebral Palsy.

**Employee Assistance**

An employee assistance program provides access to professional counselling for any personal or work related problems and is available to Public Trustee employees and their immediate families. In 2007/08, 6 employees (4%) accessed the service, for an average of 2.5 sessions. This represented a 3.1% reduction in employees accessing the employee assistance program compared to the 2006/07 period.

## Governance Disclosures

### Summary of current annual agreement

In compliance with s. 6B of the *Public Trustee Act 1941*, the following is a summary of the 2008/09 agreement between the Attorney General and the Public Trustee covering the period 1 July 2008 to 30 June 2009.

The Public Trustee's scale of fees pursuant to section 38A(1) of the Act was gazetted on 24 June 2008 in the Western Australian Government Gazette #103.

If the total fees collected by the Public Trustee in the period 1 July 2008 to 30 June 2009:

- do not exceed the estimated budget of \$8,446,000, then all of those fees shall be paid to the Consolidated Account; or
- exceed the estimated budget of \$8,446,000, then a minimum of \$8,446,000 of those fees shall be paid to the Consolidated Account.

In practice the fees paid to the Consolidated Account will be retained by the Department of the Attorney General via a net appropriation determination, to finance the Public Trustee's expenditure.

The following reserve funds are established pursuant to Section 44A of the Act:

- Indemnity Reserve
- Business Development Reserve
- Common Account Investment Reserve

The Public Trustee may apply moneys in the Indemnity Reserve to settle, compromise and pay the claims, demands and costs of clients or other persons who have suffered loss or damage for which the Public Trustee, in its corporate capacity, may be liable at law.

The Public Trustee may apply moneys in the Business Development Reserve for any or all of the following purposes:

- to pay the capital costs of upgrade of the Public Trustee's MATE trust accounting system software and platform;
- to pay the costs of implementing the Public Trustee's new business services;
- to meet shortfalls in the Public Trustee's estimated retained revenue as appropriated via the Department of the Attorney General's net appropriation determination;
- to self-fund any shortfall in the Public Trustee's budgeted recurrent expenditure;
- to pay the costs of establishing and maintaining an automated wills drawing application; and
- to pay other costs occasioned by the coming into operation of the Amending Act.

The Public Trustee may apply moneys in the Common Account Investment Reserve:

- to stabilise Common Account interest paid to estates;
- to meet losses on Common Account investments; and
- to maintain Common Account assets.

The Public Trustee may transfer money from the:

- Indemnity Reserve to the Business Development Reserve if this is in accordance with actuarial advice;
- Business Development Reserve to the Indemnity Reserve if this is in accordance with actuarial advice; and
- Common Account Investment Reserve to the Business Development Reserve.

The Public Trustee may establish and operate one or more strategic common accounts pursuant to Section 39B of the Act.

The Public Trustee shall obtain approval of the Minister before altering, pursuant to section 39A(5) of the Act, the rates of interest payable to the respective estates the moneys of which form part of the Common Account.

**PUBLIC TRUSTEE**  
**OTHER LEGAL REQUIREMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

## Other Legal Requirements

### Advertising expenditure

In compliance with 175ZE of the *Electoral Act 1907*, the Public Trustee incurred the following expenditure in advertising, market research, polling, direct mail, media advertising:

1. Total expenditure for 2007/08 was \$48,199
2. Expenditure was incurred in the following areas

Advertising agencies	Nil		Nil
Market research organisations	26,450	Patterson Market Research 2008	14,510
		Patterson Market Research 2007	11,940
Polling organisations	Nil		Nil
Direct mail organisations	Nil		Nil
Media advertising organisations	21,749	Marketforce	19,399
		The West Australian Newspaper	2,000
		Albany & Great Southern Newspaper	350

### Disability Access and Inclusion Plan Outcomes

In compliance with s29 of the *Disability Services Act 1993* and its amendment, the Public Trustee recognises its responsibilities under the Department of Attorney General's Disability Access and Inclusion Plan 2007-2011 by ensuring that clients with physical, intellectual, sensory or cognitive disabilities, their families and carers are provided with professional and appropriate services. During 2007/08 a range of outcomes were achieved:

*Outcome 1 - Goal: People with disabilities have the same opportunities as other people to access the services of, and any events organised by, a public authority.*

The Public Trustee continued to operate the Wills on Wheels service which enabled severely disabled or infirm clients to have a Will prepared in their own home, nursing home or hospital. In the past financial year 405 people were assisted in this way and the service was extended to include visits within a 50km radius of the CBD in July 2007.

*Outcome 4 - Goal: People with disabilities receive the same level and quality of service from the staff of a public authority as other people receive from the staff of that public authority.*

The Public Trustee implemented a training program to provide its staff with increased knowledge and skills to better understand their clients who suffered from disabilities, particularly those with mental illness and degenerative cognitive skills. In total, 23 staff members received 230 hours training from a Rehabilitation and Case Management professional.

*Outcome 5 - Goal: People with disabilities have the same opportunities as other people to make complaints to a public authority.*

The Public Trustee uses the Customer Feedback Management System which accepts input through a variety of communications means.

## Compliance with Public Sector Standards and Ethical Codes

### Recruitment, Selection & Appointment Standard

In 2007/08, 21 permanent and fixed-term vacancies of more than six months were advertised from across all business areas, including three appointment pools, which were covered by the Recruitment, Selection and Appointment Standard, and attracted a total of 168 applicants.

The Public Trustee's approach of conducting information sessions about the nature of the work of trust and estate managers, as well as holding feedback sessions and providing candidates with individual results, has continued with applicants now gaining a better understanding of the work of the Public Trustee, its client base, the nature of the work undertaken at entry level and promotional positions to ensure a higher level of job satisfaction and employee retention.

### Summary of Breach of Standards Claims

There was one Breach of Standards Claim lodged against the Public Trustee in 2007/08 and it was subsequently dismissed.

### Compliance with Public Sector Code of Ethics

The Western Australian Public Sector code of ethics is readily accessible to all employees through various mediums including, but not limited to, the intranet, notice boards and references in relevant policies and procedures. No reports of non-compliance with the WA Code of Ethics were received during 2007/08.

### Compliance with Public Sector Code of Conduct

The Department of the Attorney General's code of conduct can be accessed by all Public Trustee employees through its intranet which provides a range of information, resources and examples of acceptable behaviour standards in the workplace. Additionally, all staff are provided with an overview of the Code of Conduct at induction as well as a copy of the Public Trustee Conflict Management Resources Kit to address bullying in the workplace.

On a regular basis new employees attend a half-day Equal Opportunity Commission's Workplace Culture, Harassment and Bullying course, designed to assist in understanding rights and obligations under State and Federal legislation in respect of harassment and bullying. The last course was attended by 12 staff in February 2008. It is intended that all Public Trustee staff will attend refresher training courses every two years.

The Department of the Attorney General in conjunction with the Commissioner for Public Sector Standards conducted a survey in 2008 across a broad range of human resource management standards, ethical conduct and public interest disclosure.

The overall results were positive for DotAG in relation to a range of human resource management issues.

### Recordkeeping Plans

Under s19 of the *State Records Act 2000*, the Public Trustee's Recordkeeping Plan (RKP) was approved in May 2007 by the State Records Commission.

The plan relates to the retention and disposal schedule applicable to Public Trustee records and covers client files (seven years), Part A sub files (20 years) and Wills (99 years).

The Public Trustee, whilst a statutory authority in its own right, is not a separate agency and does not have its own recordkeeping system but is part of and uses the Department of the Attorney General's (DotAG) recordkeeping system.

**PUBLIC TRUSTEE**  
**OTHER LEGAL REQUIREMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

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The State Records Commission's minimum compliance requirements are:

Requirement 1 – The efficiency and effectiveness of the organisation's recordkeeping systems is evaluated not less than once every five years.

DotAG completed a major evaluation of its recordkeeping system in 2004, while in 2007/08, five smaller agencies were reviewed, including Public Trustee.

Requirement 2 – The organisation conducts a recordkeeping training program.

More than 95 per cent of Public Trustee employees completed the online records training and awareness program during 2007/08.

Requirement 3 – The efficiency and effectiveness of the recordkeeping training program is reviewed from time to time.

DotAG uses feedback from employees who have completed the training and awareness program to periodically review the program.

Requirement 4 – The organisation's induction program addresses employee roles and responsibilities in regard to their compliance with the organisation's recordkeeping plan.

The Public Trustee's induction program includes employee roles and responsibilities for complying with the recordkeeping plan, and operational policy and procedures are included in the Public Trustee Manual.





**PUBLIC TRUSTEE**  
**OTHER LEGAL REQUIREMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

Annual Estimates

**PUBLIC TRUSTEE**  
**INCOME STATEMENT**

For the year ended 30 June 2009

	<b>ESTIMATES</b> <b>2009</b> \$	<b>ACTUAL</b> <b>2008</b> \$
<b>COST OF SERVICES</b>		
<b>EXPENSES</b>		
Write offs	20,000	29,583
Employee benefits expense	10,065,300	9,792,926
Computer services	-	39,401
Administration expenses	1,309,700	2,567,022
Accommodation expenses	912,800	918,472
Corporate service expenses	1,160,500	1,131,449
<b>Total expenses before payments to Consolidated Account</b>	<b>13,468,300</b>	<b>14,478,853</b>
 Fees paid to Consolidated Account	 8,446,000	 10,365,960
Surplus Common Account Interest paid to Consolidated Account	1,738,000	808,617
Other Revenue and Reserves paid to Consolidated Account	1,684,000	2,450,592
<b>Total cost of services</b>	<b>25,336,300</b>	<b>28,104,022</b>
 <b>INCOME</b>		
Fees raised from Estates and Trusts	7,111,000	8,829,641
Public Trustee 6% fee from Common Account	1,335,000	1,536,319
Receipts from Common Account Surplus Interest	1,738,000	808,617
Interest revenue	482,700	612,066
Other revenue	18,000	20,263
<b>Total Income other than income from State Government</b>	<b>10,684,700</b>	<b>11,806,906</b>
 <b>Net Cost of Service before Income from State Government</b>	 <b>(14,651,600)</b>	 <b>(16,297,116)</b>
 <b>INCOME FROM STATE GOVERNMENT</b>		
Liabilities assumed by the Treasurer	392,000	-
Resources received free of charge from the Department of the Attorney General	13,056,300	14,449,270
<b>Total income from State Government</b>	<b>13,448,300</b>	<b>14,449,270</b>
 <b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>	 <b>(1,203,300)</b>	 <b>(1,847,846)</b>

**PUBLIC TRUSTEE**  
**OTHER LEGAL REQUIREMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2008**

**PUBLIC TRUSTEE**  
**BALANCE SHEET**  
**As at 30 June 2009**

	<b>ESTIMATES 2009 \$</b>	<b>ACTUAL 2008 \$</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash – Investment in Common Account	7,342,258	8,543,996
<b>Total Current Assets</b>	7,342,258	8,543,996
<b>TOTAL ASSETS</b>	<b>7,342,258</b>	<b>8,543,996</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accrued fees payable to Consolidated Account	300,000	272,281
Tax liabilities	200,000	259,612
<b>Total Current Liabilities</b>	500,000	531,893
<b>TOTAL LIABILITIES</b>	<b>500,000</b>	<b>531,893</b>
<b>NET ASSETS</b>	<b>6,842,258</b>	<b>8,012,103</b>
<b>EQUITY</b>		
Indemnity reserve	4,252,834	3,785,124
Business Development reserve	1,546,000	4,000,000
Superannuation reserve	-	-
Retained Earnings	1,043,424	226,979
<b>TOTAL EQUITY</b>	<b>6,842,258</b>	<b>8,012,103</b>

## Government Policy Requirements

### Corruption Prevention

The Public Trustee has taken the following measures to reduce corruption and misconduct by employees:

- The Public Trustee Fraud Control and Corruption Prevention Plan 2008 represents the commitment of the Public Trustee to the identification, management and prevention of misconduct, corruption and fraud. It has been in place since 2004 and was substantially rewritten in June 2008 to incorporate new Department of the Attorney General Corruption Prevention Policy and Reporting Procedures. The Plan is reviewed annually.
- Corporate Governance improvements completed during 2007/08 included the development and endorsement of Terms of Reference for the following committees - Corporate Executive, Risk Management and Audit, Occupational Safety and Health, Tenders, and Business Improvement Services Group and revision of the Terms of Reference for the Investment Portfolio Committee.
- Other Corporate Governance improvements completed during 2007/08 include improving stakeholder communications, controls and mechanisms for code of conduct awareness, development and implementation of directorate business plans, and improvement of the Corporate Executive Committee meeting agenda.

### Substantive Equality

The Public Trustee, whilst a statutory authority in its own right, is a business unit within the Department of the Attorney General and does not have its own Policy Framework for Substantive Equality but is part of and follows the overall Department's Policy Framework for Substantive Equality.

### Sustainability

The Public Trustee does not have its own Sustainability Action Plan but is part of and follows the overall Department of the Attorney General's Plan.

### Occupational Safety and Health

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 Public Trustee is committed to a safe and healthy working environment by ensuring that OSH representatives attend a compulsory five-day training program and First Aid Officers attend a Senior First Aid Course through St Johns Ambulance.

The OSH Committee representatives liaise with their employees that they represent and raise issues at the meetings that are held quarterly basis or as required for urgent issues. The management representative reports on actions agreed to at the meetings and records minutes of meetings.

Some of the 2007/08 initiatives have been:

- completion of the security modifications to the Level 7 Wills counter;
- implementation of a Critical Incident procedure, and use of a register to record and monitor client behaviour and initiate appropriate actions; and
- the success of employer-funded Influenza Vaccination Program in which 42.5% of Public Trustee employees participated.

Indicator	Target 2007/08	Actual 2007/08
Number of fatalities	Zero (0)	0
Lost time injury/diseases (LTI/D)	Zero (0)	1
Lost time injury/diseases severity rate	Zero (0)	1

## Appendix One 2008-2013 Strategic Framework

**Our VISION** To be the trustee of choice for all Western Australians

**Our ROLE** Provide high quality & accessible trustee & asset management services

### Our VALUES

#### Excellent Service

Our clients have varied service needs. We strive to achieve and maintain credible and professional services to diverse client groups through effective communication and by making services relevant, responsive, accessible, accurate and fair.

#### Integrity & Accountability

We are open, honest, impartial and ethical in our communications and decisions. We take responsibility for our behaviours, which are governed by the legal system, agreed standards, and codes.

#### Equity & Fairness

We respect diversity and know that we sometimes have to treat our staff, the community and client groups differently to reach fair outcomes. We treat people with respect, courtesy and sensitivity and recognise their interests, rights, safety and welfare.

#### Collaboration and Learning

Our people take pride in their work and the value they contribute to the Department. We recognise the knowledge and skills of our people and support their continuous learning and development.

#### Professional Autonomy

We respect the differing professional attributes that are developed and nurtured in our business areas and the rights of our people to provide objective, frank and fearless advice to their clients and the community.

### Corporate OBJECTIVES

#### 1. Developing our Business

We aim to achieve:

- Implementation of a contemporary business model to reflect other Australian businesses in our market sector;
- Development of new services and investment accounts;
- Increased profile and market share;
- Capacity to become self-funding; and
- Meeting our Community Service Obligation to protect and support the vulnerable and disadvantaged in our society.

#### 2. Developing our staff

We aim to achieve:

- Staff who are fully trained, motivated and experts in their field;
- Mentoring and support for staff;
- The preparedness of staff for higher positions;
- Innovations in job structures and working arrangements;
- A working environment that fosters staff satisfaction; and
- A culture of creativity, openness, flexibility and excellence.

#### 3. Customer service delivery

We aim to achieve:

- Quality and timely provision of services that exceed client expectations;
- Quality relationships, communication and empathy with clients;
- Delivery of a package of flexible services to meet individual client needs;
- Increased awareness by our clients of the range of our services to meet their needs;
- Services are accessible to all Western Australians; and
- Recognition for excellence in customer service.

#### 4. Investment performance

We aim to achieve:

- Provision of a range of investment opportunities to meet individual client needs;
- Achievement of a rate of return above benchmark;
- A reputation as a leader in investment management within our market niche;
- A continued high level of trust, integrity and reliability in the marketplace;
- Development of new income streams through strategic investment funds; and
- Increase in value of funds under management through an expanded client base.

#### 5. Governance and corporate support

We aim to achieve:

- Generation of income and reserves to be self-funding;
- A sound ethical framework, leadership and management with clear accountabilities;
- An effective corporate support relationship with the Department of the Attorney General;
- Management of risk and prevention of fraud;
- Compliance with regulatory requirements;
- An Annual Agreement that provides for the maintenance and use of a reserve fund; and
- An HR strategy, IT environment and legal services that effectively support the business.

June 2008