

Public Trustee Report to Parliament

For the year ended 30 June 2010

Statement of Compliance

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

In accordance with section 63 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 2010.

The Annual Report has been prepared in accordance with the provisions of the [Financial Management Act 2006](#).



John Skinner

PUBLIC TRUSTEE

Accountable Authority

16 September 2010

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OVERVIEW

Public Trustee's Executive Summary

I am pleased to provide this report on the progress and achievements of the Public Trustee for the 2009/10 financial year which highlights the results of the many activities undertaken by the Office over the past 12 months.

Our Business

This year has been very much one of consolidating the successes of the preceding years, particularly in terms of the changes in our fee and investment arrangements. It is very pleasing to confirm that the revenue results we have achieved from our investments and from the fees for our services have been quite close to the modelling that we did in 2008/09. In some areas we were slightly under in our estimations, and in other areas we were above our projections. The overall result is even more pleasing when the very uncertain nature of the beginnings of the recovery from the Global Financial Crisis is taken into account. These overall results have confirmed to us that we are in a sound position to achieve being a 'self funded organisation' over the next three years as we have agreed with the Government.

The new Public Trustee Investment Funds (PTIFs), which commenced operations on 1 July 2009, allowed us to transfer funds from external investments, to our internal funds where we assessed that it was in the best interests of our clients and it was a prudent investment decision to do so. For some clients we determined that it was not in their best interests. The PTIFs are managed by Mercer on behalf of the Public Trustee. By 30 June 2010, the total of all funds in the PTIFs was \$134M.

During the year we were appointed trustee of funds resulting from a Supreme Court decision regarding the Bell Resources Liquidator in the court action against a number of banks. A total of \$872M was placed in trust with us until an appeal is heard.

In last year's report I advised that we had set the implementation of an automated Will writing system as an objective for this year. However, the commencement of the Public Trustee's WA Wills Bank, which is a free service to the Western Australian community for the safe storage and recording of all Wills, generated significant interest. This interest and other developments highlighted that we should review the overall service of our Wills team. This review covers the operations and structure of the Wills team, and is being combined with the implementation of an automated system so as to achieve the best overall results for our clients. Unfortunately, because we have enlarged the project objectives, the project was not able to be completed and implemented by 30 June 2010, but it will be finished during 2010/11.

In last year's report I also noted that the Public Trustee is relocating to another building, and I highlighted the advantages to our clients of such a move. The building is next door to our current location, which will help to minimise the impact on our clients and disruption to our staff. Steady progress has been made in our preparations for the move. The move will be achieved in two stages, with the first stage to be completed in December 2010. We are undertaking significant planning, so that any disruption in services to our clients will be kept to an absolute minimum. The final stage of the move will be completed in the early part of 2011/12.

As I have mentioned, the commencement and development of the Public Trustee's WA Wills Bank began on 1 July last year. This launch, together with improvements to our fee structure and the beginning of a series of legal seminars, has enabled us to build on and enhance our relationship with many of our stakeholders. Our aim is to improve the general community's understanding of what we do and how we go about it, and improve our reputation. Our overall goal is to provide the community with quality work and competitive fees for the services they may be seeking in Wills, Deceased Estate Administration and the management of trusts.

Our People

We have continued with our cultural change program that we initiated sometime ago to improve attitudes to providing good customer service. During the year we continued to develop this program, focusing on the middle managers' group and provided coaching and feedback to them on leadership. This has been well received and we are seeing some positive improvements across the Office. In the coming year we will conduct a follow-up survey to confirm improvements.

I reported last year that we had obtained approval to increase staff numbers, particularly in our trust management teams. During this past year we completed the recruitment action for these extra staff, and they have contributed to an improvement in the service to our clients. Other teams in supporting roles to our core business areas that require some small staff increases have been identified and submissions regarding these positions will be made in the coming year.

Towards the end of financial year, we also reviewed our five year strategic plan. This confirmed our vision and enabled us to set out revised business objectives for the Office to pursue over the period 2010-2014.

The Future

In the coming year we will conclude our review of the Wills service and, as is likely, submit a business case for approval of additional resources. We will also implement an automated Wills writing system. We expect that the outcomes of this project will greatly enhance the service we provide to the community in the writing of Wills. In particular, we expect to reduce waiting times and ensure that we are capable of meeting client requirements for any type of Will. We will also complete the first stage of our move to our new office location and complete the planning for the final stage.

We will continue to refine our services and investment arrangements to maximise our revenue in order to continue on our path towards self funding. We have an agreed target to achieve self funding over a three year period and the coming year is the first in which we are required to demonstrate that we can achieve that.

I would like to thank all staff for the hard work and commitment they displayed during the past year as we consolidated our position. I would also like to thank the Attorney General, and his staff, and the Director General of the Department of the Attorney General, for their guidance and support, and the Corporate Services staff of the department for their wide-ranging support during the year.



John Skinner
Public Trustee

Operational Structure

Responsible Minister

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

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.

Vision, Role, Values

The Public Trustee's vision is to be a trusted organisation recognised for professionalism, integrity, and respect whose clients feel valued and protected.

Its role is to enhance the lives of Western Australians by providing high quality and accessible trustee and asset management services.

The Public Trustee's values include:

1. 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.

2. 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.

3. Equity and 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.

4. Collaboration and Learning

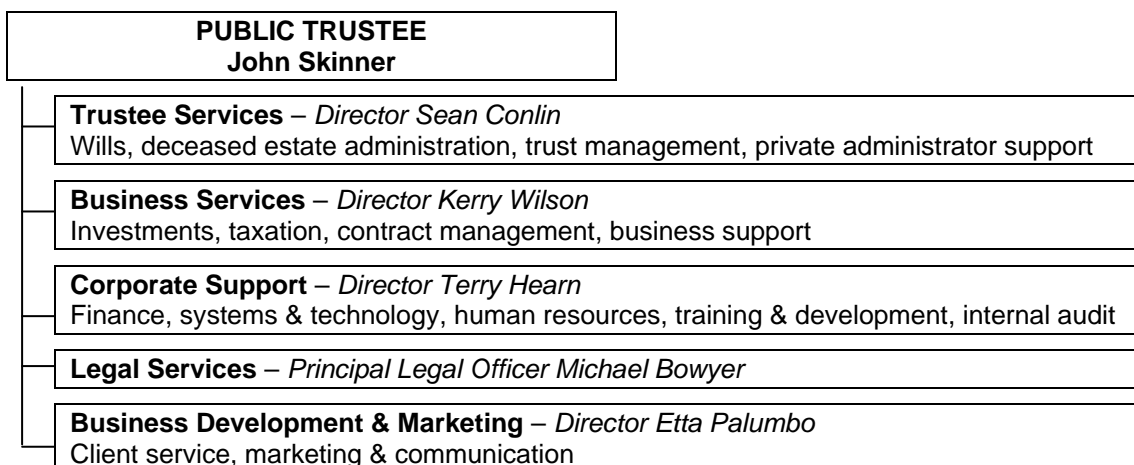
Our people take pride in their work and the value they contribute to the Department. We recognise the knowledge and skills of our people and support their continuous learning and development.

5. 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.

Organisational Chart

The sectional heads are members of the Corporate Executive Committee.



Agency Structure

Corporate Executive Profiles

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 11 years public sector management experience, and 17 years financial services accounting and management experience in the private sector.

Director Business Services, Kerry Wilson BBus (Acct), CPA

Ms Wilson has over 30 years financial services experience in both the public and private sectors, including 11 years public sector management.

Director Corporate Support, Terry Hearn BBus, Assoc Dip Bus

Mr Hearn has 31 years financial and management accounting experience in both the public and private sectors, including 15 years public sector management.

Principal Legal Officer, Michael Bowyer LLB

Mr Bowyer has 18 years legal advisory experience in the public sector.

Director Business Development & Marketing, Etta Palumbo BPsych

Ms Palumbo has 11 years professional services marketing experience and a further 12 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 the [*Public Trustee Regulations 1942*](#) and the Public Trustee complies with more than 100 State or Federal Acts in conducting its business.

Key legislation

[*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 \(Family and Dependants Provision\) 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.

Outcome Based Management Framework

Government goals

Financial and Economic Responsibility: Responsibly managing the State's finances through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.

Outcomes Based Service Delivery: Greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.

Stronger Focus on the Regions: Greater focus on service delivery, infrastructure investment and economic development to improve the overall quality of life in remote and regional areas.

Social and Environmental Responsibility: Ensuring that economic activity is managed in a socially and environmentally responsible manner for the long-term benefit of the State.

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.

Public Trustee Corporate Objectives

1. Developing Our Business

- Continuous improvement and a best practice contemporary business model;
- Development of new services;
- Increased profile and market share;
- Self-funding; and
- Community Service Obligation to protect and support the vulnerable and disadvantaged in our society

2. Developing Our Staff

- Staff who are fully trained, motivated and experts in their field;
- Mentoring and support for staff;
- Preparedness of staff for higher positions;
- Leadership identification and development;
- 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

- 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

- 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

- 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;
- Annual Agreement that provides for the maintenance and use of a reserve fund; and
- HR strategy, IT environment and legal services that effectively support the business.

Changes to Outcome Based Management Framework

There were no changes to the Public Trustee's Outcome Based Management structure for this period.

Shared Responsibilities with Other Agencies

The Public Trustee did not share any responsibilities with other agencies. It does however work collaboratively with a wide range of federal and state government agencies to ensure accessible, effective and timely delivery of trustee and legal services to its clients, namely elderly, vulnerable or intellectually impaired Western Australians. These agencies include Office of the Public Advocate, Department for Child Protection, Centrelink, State Administrative Tribunal, State Solicitor's Office, Registry of Births, Deaths and Marriages, Department for Communities, Landgate, GESB, Legal Aid, WA Police, Office of Senior Interests and Volunteering, Health, Disability Services Commission and the various Courts.

AGENCY PERFORMANCE - Report on Operations

Outcomes, Services and Performance Information

Actual Results versus Budget Targets

Financial Targets

	Target \$,000s	Actual \$,000s	Variation
Total cost of services (expense limit)	16,022	18,060	(12.7%)
Net cost of services	3,632	5,136	(41.4%)
Approved full time equivalent (FTE) staff	158.5	150.26	5.2%

Explanation of significant variations against financial targets

Variation due to a number of factors including unbudgeted expenditure in representing a client in court proceedings; recurrent expenditure on the capital works program that had been budgeted as capital expenditure; an increase in accommodation costs being approved after the original budget was set (the Public Trustee is self funding the capital programs and increases in accommodation with reserves); unexpected income as a result of being appointed the trustee of an \$872 million court trust in December 2009; and a greater than forecast return from surplus Common Account interest (as a result of investments in two buildings. A detailed explanation of the variations is provided in Item 22 (b) of the Notes to the Financial Statements on page 56.

Summary of Performance Indicators

Performance information relating to the services provided is presented in detail on page 75 of this report.

	Target	Actual	Variation
Effectiveness			
1.1 Extent to which services meet the needs of clients	80%	88%	8%
1.2 Number of estates relative to the number of adult (18 years and over) deaths in Western Australia	14%	12%	-2%
1.3 Extent to which the Public Trustee maintains a market share in drawing Wills naming the Public Trustee as executor	12%	11%	-1%
1.4 Percentage of estates finalised within 12 months of being reported	67%	60%	-7%
Efficiency			
1.5 Cost per trust managed	\$1,592	\$1,707	7%
1.6.1 Cost per deceased estate administered	\$1,984	\$2,168	9%
1.6.2 Cost per Will prepared	\$320	\$426	33 ¹ %

¹ Variance is due to lower than anticipated number of Wills drawn as a result of increased complexity in preparation of Wills, and higher costs associated with the development of the core computer system, and court proceedings.

Directorate Reports

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 that include:

- preparing and giving advice on making sound Wills;
- preparing Enduring Powers of Attorney (which are legal documents where 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 or beneficiaries approach the Public Trustee to administer the estate;
- administering the estates of particular Aboriginal people who die intestate;
- managing the financial and legal affairs of people who are incapacitated or infirm or have intellectual or mental disabilities;
- acting as Trustee (when appointed by the courts or assessors) to manage personal injuries or criminal injuries compensation awards;
- acting as Trustee for people under the age of 18 (minors); and
- providing a compliance and 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 the management of the Public Trustee Investment Funds, and acts as trustee or financial administrator pursuant to the orders of courts, assessors 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:
 - 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; implementing initiatives that attract new clients and retain existing clients; providing marketing and public relations services and managing the Client Service Centre.
3. **Business Services** provides advice and support including:
 - Investments
 - Taxation Services
 - Contract Management
 - Business Support
4. **Legal Services** provides services including Wills, legal advice, dispute resolution and litigation.
5. **Corporate Support** provides services that support Public Trustee functions and employees including:
 - Finance
 - Internal Audit
 - Human Resources
 - Systems & Technology
 - Training & Development

Trustee Services

The focus for the Directorate during the past 12 months included building capability to service increasing demand, implementing legislative change and expanding the Wills service to regional areas.

Some of the achievements that have occurred during this year include:

- obtaining funding for seven new positions in the Trust Management section. These positions have now been created and filled and have resulted in greater capacity to deal with increasing Trust Management workloads;
- introducing a completely new fee structure. The new fee structure has moved away from the old mostly commission based fee structure to one that is mostly based on time and effort. The introduction of the new fee structure required extensive user testing of the system along with the training of all staff;
- implementing processes to accommodate the legislative requirements to fit residual currency devices (*Electricity Regulations 1947*) and smoke alarms (*Building Amendment Regulations 2009*) to many of our clients' homes;
- expanding the Will-making service to include visits to regional areas of Western Australia as well as broadening the scope of the service; and
- participating in the office-wide cultural change program.

Wills

The Public Trustee offers professional Will-drafting and safe custody services to all Western Australians. Previously, the Public Trustee prepared Wills only for clients who named the Public Trustee as Executor of their Will. From 1 July 2009 the Public Trustee expanded its Wills service to include preparing Wills for clients who nominate someone other than the Public Trustee as their Executor.

There are now more than 100,000 Wills held in safe custody with the Public Trustee, most of which are Public Trustee-prepared Wills. On 1 July 2009 the Public Trustee launched the WA Will Bank, which is a free community service for all Western Australians to enable them to store their Wills at no cost in the Public Trustee's purpose-built fire-resistant vault.

During the year, employees prepared or amended 3,481 Wills and the 'Wills on Wheels' service provided a visiting Will-preparation service to 286 people who were unable to attend the office due to age or infirmity.

	2007/08	2008/09	2009/10
Wills	3,840	3,650	3,481
Will visits	405	345	286

The Public Trustee also provides an Enduring Power of Attorney service to ensure a person's assets are protected during any period of incapacity.

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.

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. To that end the Public Trustee this year increased the threshold that is used when deciding whether or not to allow beneficiaries to informally administer the estate themselves. The Public Trustee has adopted this strategy to maximise the return to these beneficiaries.

The Public Trustee's market share of estate administrations declined to 585 with 9.8 per cent of total applications to the Supreme Court Probate Registry, compared with 694 being 11.8 per cent in 2008/09. Some of this decline is attributed to the change in the threshold for informal administrations.

	2007/08	2008/09	2009/10
Probate applications	709	694	585

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 creation of the seven new positions in the Trust Management area this year has reduced some of the demand-driven pressure and enabled provision of a higher level of service to our clients.

	2007/08	2008/09	2009/10
New trusts reported	575	684	647
Trusts total	4,403	4,519	4,566
New SAT orders	327	440	400
Total SAT clients	1,780	2,002	2,141
SAT orders reviewed	483	505	546
New court trusts	201	166	178

The total number of new clients (including appointments by the State Administrative Tribunal) reported for administration was 647, which is 5.4 per cent below that of the previous year, when 684 new trusts were reported.

The total number of trusts on hand increased to 4,566 compared to 4,519 in 2008/09.

State Administrative Tribunal appointments of the Public Trustee as administrator declined slightly. The Tribunal referred 400 new cases to the Public Trustee (compared to 440 in 2008/09), a decrease of 9.1%.

At year-end there were 2,141 State Administrative Tribunal clients being administered by the Public Trustee, compared to 2,002 at 30 June 2009.

The continuing high level 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 an 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 increased to 178 compared to 166 in 2008/09. Court trusts originate mainly from the District Court and the Assessor of Criminal Injuries Compensation, and the size of these trusts varies from thousands of dollars to millions of dollars. Administering these trusts includes setting up investment portfolios, collecting income, determining budgets for the beneficiaries and attending to their accommodation and transport needs.

The State Administrative Tribunal also reviewed 546 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 newly appointed private administrators.

The PAS Team concluded 1,364 examinations where total assets exceeded \$653 million. The Public Trustee issued three Certificates of Loss arising from these examinations with combined losses of more than \$203,000.

	2007/08	2008/09	2009/10
Accounts examined	1,576	1,431	1,364
Certificates of Loss	\$560,740	\$43,609	\$203,000

Community Service Obligations

The Public Trustee provides trustee services to all Western Australians and our fees are outlined in the *Public Trustee Act* 1941 and 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.

Services that were categorised as a CSO in 2009/10 included:

- a reduced cost Will making service for people who named the Public Trustee as Executor of their estate;
- our WA Will Bank service;
- a home visiting service to those in the community who, due to age or infirmity, were 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 did not cover the cost of providing the service;
- examining the accounts of private administrators pursuant to provisions of the *Guardianship and Administration Act* 1990 where assets were less than \$50,000;
- acting as Trustee for compensation awards where the fees set were below cost recovery; and
- acting as next friend in legal proceedings for clients who were under a legal disability and did not have anyone available to act on their behalf.

During the 2009/10 financial year the Public Trustee provided Trustee services to the community at a net operational cost to government of \$4.7M.

The \$4.7M net cost is after \$6.1M in fees was refunded to CSO clients who could not afford to pay for the cost of the service provided to them.

The Public Trustee is also 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.

Legal Services

This directorate provides the internal legal resources for the Public Trustee 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 eight full-time equivalent lawyers, three legal clerks and two legal secretaries.

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

At 30 June 2010 the Legal Services team had 438 legal matters on hand (having received 225 new cases and finalised 265 matters) not including Wills and estate distributions.

	2007/08	2008/09	2009/10
New cases	216	220	234
Finalised cases	139	179	265
Cases on hand	428	469	438

Approximately half of the legal matters 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.

Legal Services played a key role to:

- implement the changes to the *Public Trustee Act 1941* by advising on the Public Trustee's Scale of Fees and vetting new policies and procedures;
- further applications on behalf of 111 Public Trustee clients to Redress WA – the State Government-scheme designed to make ex gratia payments to adults who were abused in State care when they were children;
- develop stakeholder relationships and educate the community by presenting talks at continuing professional development seminars;
- establish continuing professional development for its own lawyers, to comply with new legislative requirements;
- revise and review the Will drafting service; and
- evaluate alternative technology to assist the Will drafting service.

In 2009/10, the Public Trustee also implemented a new legal billing system which is used to generate accounts in various cases.

Business Development & Marketing

2009/10 was a successful year for this Directorate whose key objectives are to raise the Public Trustee's profile, improve awareness and understanding (from a very low awareness base of 21.7% of general public), and aid the achievement of self-funding by increasing the number of fee-paying clients.

Client Service Centre

Usually the first point of contact for all clients, the centre plays an important role in the delivery of Client Service Officers:

- provide information on all Public Trustee services to the public via telephone, reception and written/web/email enquiries;
- check death notices daily and reconcile against the Public Trustee's Wills index;
- initiate first contact with the families and next of kin of deceased clients;
- provide information on, and assistance with, informal and joint estate administrations (that is, estates valued less than \$20K);
- allocate files to estate managers;
- process WA Will Bank applications;
- arrange Will appointments and signings;
- process Will payments; and
- register seminar attendances.

As a result of marketing of the Public Trustee, the Client Service Centre has been the most affected business area, experiencing:

- 40% increase in 1300/1800 telephone enquiries to the Client Service Centre, up from around 39,000 calls per annum to 54,000;
- 60% increase in visits to the office from the public; and
- WA Will bank safe custody deposits averaging 65 private Will deposits per month. This new service enables the Public Trustee to introduce its broader services to Western Australians who have had no dealings with us previously. The verbatim feedback on the service has been excellent.

The primary goal for the Client Service Centre over the past year was to create a 'high performance' team. Processes within the Client Service Centre and its interactions with, and service to, other business areas and agencies continued to be reviewed and improved. The team made knowledge-building a priority to ensure that officers can quickly address any nature of enquiry about the Public Trustee and related government and community bodies. The first stage of technological enhancements, Client Relationship Management software, was implemented, resulting in significantly improved efficiencies, data collection and reporting and helped meet rising demand for services with no additional resources. These changes have resulted in a highly efficient and flexible team that work collaboratively to provide excellent and timely client service and generate new business, particularly for Wills and Deceased Estates.

Marketing and Communications

The Marketing and Communications function has achieved successful results for each of the following new initiatives:

- new 'Wills and Deceased Estates' public education seminars have been strongly supported by the general public with over 1,250 attendees at seven seminars conducted since October 2009;
- targeted marketing has resulted in strong, and unexpected demand for Will drafting services in both the metropolitan and regional areas with the re-introduction of regional wills visits, despite now charging for will drafting services. While this is not reflected in the statistics for the number of Wills drafted (as capacity to draft wills remains the same and therefore limits a corresponding increase), our success in increased profile is reflected by the ongoing wait period, and our success in cultural change and continuous improvement is reflected in the work we are undertaking to review the service to meet the increased demand.
- publishing and distributing the second printed edition of the Trustee Talk client newsletter, which informs clients of Will, estate and trust topics of general interest, investment funds and relevant legislative and fee changes.
- publishing and distributing four quarterly editions of the Trust Matters stakeholder bulletins in email form, informing stakeholders of issues and developments in the trustee area and at the Public Trustee;
- introduction of a 'Trustee Talk' Community Newspaper column where the Public Trustee makes comment on a relevant topic each month;
- introduction of the Public Trustee talkback session with Howard Sattler on 6PR, where the Public Trustee addresses misconceptions and takes calls, on air, from members of the general public;
- regular release of information to the media to raise awareness of issues or misconceptions relating to Wills, Deceased Estate Administration, Enduring Power of Attorney, Trust Management, Elder Abuse and financial abuse; and to promote new services such as WA Will Bank, Private Executor Will drafting and Executor Assist;
- a small 'Where's your Will?' press advertising campaign promoting the WA Will Bank service for the free safe custody of any Will;
- launch of WA Will Week, which included five talks and several follow-up Will drafting visits to Joondalup, Rockingham, Midland and Armadale;
- regional promotion of the Public Trustee and Wills service, including fully booked regional visits to Albany, Geraldton, Bunbury, Margaret River, Manjimup, Broome, Derby and Kununurra (the latter three funded by the *Royalties for Regions* program);
- introduction of the Plaintiff Lawyers Seminar Series as part of a Court Trusts business development stakeholder relations initiative;
- introduction of a regular program of stakeholder visits, where 16 visits were made to key stakeholder organisations, and several stakeholders were invited to visit the Public Trustee; and
- refinement of information on the Public Trustee website www.publictrustee.wa.gov.au

Customer Feedback

The Public Trustee registered 71 different feedback matters, an increase of 27% from 2008/09. 38 were complaints, 23 were letters of appreciation or compliments, nine were suggestions and one requested information, clarification or assistance.

	2007/08	2008/09	2009/10
Complaint	26	31	38
Compliment	16	15	23
Other	5	3	1
Suggestion	2	7	9
total	49	56	71

Ten of the complaints related to access to services or staff, 13 related to the delivery of services and communication, and 15 related to processes, decisions making and specific outcomes. 76% of the customer feedback was responded to within the performance standard of ten working days and there were no complaints outstanding as at 30 June 2010.

Letters of appreciation related to the way that individual employees handled matters, delivery of services and communication.

Business Services

Investments

The Public Trustee is responsible for managing the assets of their clients, not only the day to day issues of housing and living expenses but ensuring that funds surplus to these daily essential requirements are invested to meet their immediate and long term needs. Changes to the legislation governing the Public Trustee have allowed major developments in the way these funds are managed.

Gross Assets Under Administration			
	2007/08	2008/09	2009/10
Common Account	\$299,402,095	\$333,684,778	\$1,162,449,593
PTIFs	-	-	\$133,945,001
Bank deposits	\$45,783,604	\$57,801,321	\$61,672,369
Equities	\$50,867,522	\$40,411,188	\$23,175,660
Unit Trusts	\$93,334,684	\$68,233,483	\$6,073,413
Life Policies	\$1,303,528	\$1,458,079	\$1,403,237
Real Estate	\$259,496,199	\$291,277,937	\$318,218,461
Other Assets	\$21,777,310	\$30,301,666	\$29,628,855
Total	\$771,964,942	\$823,168,452	\$1,736,566,589

Public Trustee Investment Funds

During 2009/10 the implementation of the four strategic investment accounts (or strategic common accounts under section 39B of the *Public Trustee Act 1941*) known as the Public Trustee Investment Funds (PTIFs) was completed. These funds provide a cost efficient method of providing the clients with income flow and appropriate capital growth strategies.

The PTIFs are governed by prudential guidelines that have the Treasurer's approval and are closely scrutinised by the Department of Treasury and Finance. The PTIFs are not government guaranteed but a government guarantee of capital remains on the Common Account funds.

The Public Trustee manages the PTIFs through a 'fund of fund manager' arrangement that was appointed through a tender process with the assistance of asset consultants from PricewaterhouseCoopers. The successful respondent, Mercer Australia Pty Ltd operates within the strict parameters of the approved prudential guidelines.

The PTIFs are subject to an annual audit by an independent external asset consultant which focuses on compliance to prudential guidelines and benchmarking to market performance. The audit is awarded through a government approved tender process. PricewaterhouseCoopers are the current auditors.

External Investment Committee

The Public Trustee convened a new Investment Committee to monitor the operation of the PTIFs. The Committee meets on a quarterly basis and includes an industry expert to assist in the review of the fund managers reports, provide advice to the Public Trustee on market conditions and make recommendations for the efficient operation of the funds. The fund manager, Mercer, provides a formal report to each meeting of the Committee.

The four PTIFs are:

PTIF Cash: Investments include cash and short term income bearing securities and is a low risk investment fund and expects a very low fluctuation in value.

PTIF Conservative: Investments are 30% growth assets and 70% income assets and include fixed interest securities, Australian and overseas shares and property, infrastructure and alternative assets. This fund expects a low level of fluctuation in market value with mostly an income flow and some capital growth.

PTIF Growth: Investments are a mix of 70% growth and 30% income producing assets and will include Australian and overseas shares and property, infrastructure and alternative assets. This fund expects a moderate level of fluctuation in market value with long term capital growth at a rate higher than the Conservative PTIF.

PTIF Growth Plus: Investments are in growth assets to offset inflation and will include Australian and overseas shares and property, infrastructure and alternative assets. The market value is expected to fluctuate more for this PTIF than others but it is also expected to achieve higher returns from capital growth in the long term.

	Cash/interest bearing securities	Income Assets	Growth Assets
PTIF Cash	100%	-	-
PTIF Conservative	-	70%	30%
PTIF Growth	-	30%	70%
PTIF Growth Plus	-	-	100%

Investment staff have reviewed all existing client portfolios to decide if it is in the client's best interest to transfer their investments to the PTIFs. The Global Financial Crisis greatly reduced

the value of external investments held by most clients and this provided a capital gains tax incentive to crystallise the losses shown on portfolios by selling investments and investing in the PTIFs. This has meant a quicker take up of the units from existing portfolios in the PTIFs than was originally estimated. A group of clients has been recommended to maintain their portfolios in a variety of external investments because there is no compelling reason for them to convert to the PTIFs.

All new clients with funds that can be invested outside the Common Account will be invested in the most appropriate PTIF for their individual needs.

Fund Type	Total Value at 30 June 2010
Cash	Nil
Conservative	17,333,842
Growth	114,683,165
Growth Plus	1,927,994
	\$133,945,001

NOTE: The Common Account has outperformed the Cash PTIF, so in the best interests of the clients this fund has been left inactive.

The Common Account

The Public Trustee currently manages in excess of \$1,155 million in cash and short term deposits with the WATC and banks rated A2 to A1+ as well as a small commercial mortgage portfolio of \$1 million and two CBD buildings valued at \$65 million. The cash deposits also include an amount of \$894 million held in trust pending the outcome of a Court appeal in the long running Bell Resources case.

The Common Account operates like a cash management account with funds available at call. Clients have received interest distributions higher than average market returns for the 2010 financial year.

The Public Trustee Building at 565 Hay St Perth is a major asset of the Common Account and was until recently fully leased. The value of the building has declined with other central business district buildings from \$28 million adjusted for market decline as at 30 June 2009 to \$25 million per the valuation as at 30 June 2010 (figures taken from the report provided by the Valuation Section of Landgate). The return on investment for the building has risen from 30 June 2010 because of this change in value.

The Public Trustee purchased the building at 553 Hay Street in September 2008 on behalf of its clients and this is also an asset managed under the Common Account. The purchase was in anticipation of developments to be made that will include the current Public Trustee Building at 565 Hay Street and is seen as a replacement for this building.

The Public Trustee does not plan to hold both buildings as a long term investment and 565 Hay Street will be sold on commercial terms. 553 Hay Street was purchased leasehold for \$42.5 million and has been valued at \$40 million by the Valuation Section of Landgate due to market decline during the period. The investment return to the clients has increased not only by a lower valuation but because several leases have been subject to market increases during the reporting period. The building has very little vacant space and the Public Trustee plans to become the major tenant as existing leases expire. This process has commenced with the first vacant space becoming available in May 2010.

After the Global Financial Crisis

The Public Trustee's clients were not immune to the Global Financial Crisis (GFC) of 2008-09, and experienced declines in the market value of their investment portfolios in line with all major markets. Since then, the value of client portfolios has participated in line with the recovery of global financial markets. This has followed from the unprecedented efforts of governments around the world to stimulate economic growth. Many of these stimulus measures remain in place as the pace of economic recovery is expected to be gradual. A notable feature has been reduced investment income, as global interest rates remain low and companies adopt conservative policies on dividend distributions.

The Public Trustee conducts regular reviews of clients' investment portfolios. All investments are made with a long-term outlook and adjustments are made whenever appropriate.

The operations of the Investments section are monitored by the internal Investments Committee. The Investments Committee oversees and gives guidance to the investments of the Common Account. The committee (of Public Trustee, Director Business Services, Director Trustee Services, Director Corporate Support, and the Financial Analyst in a secretarial capacity) met 26 times last year.

Property Function

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 staff liaised with the beneficiaries and families during this process. During 2009/10 Investments section sold 186 properties for a total value of \$67.97 million. This is a slight decline in numbers sold but higher property values has kept the total amount collected on sale higher than the previous year.

	2007/08	2008/09	2009/10
Properties sold	131	190	186
Value \$	53,207,210	67,881,938	67,975,972

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.

This financial year has seen the introduction of compulsory RCDs and hard wired smoke detectors being in place in every property before sale. A certificate signed by a registered electrician is required to certify the presence of both devices and it must be lodged at settlement before a property transaction can be completed. This requirement has increased the work required on all property sales and transfers and has increased the time required to complete each transaction.

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 reviewed 1,638 files and lodged 1,418 tax returns in 2009/10.

	2007/08	2008/09	2009/10
Tax Returns Lodged	1,323	1,569	1,418

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 a value over \$150,000 while providing support and guidance to the Contracts Manager. Contracts awarded during the financial year were for the provision of:

- Design for Refurbishment of Bathrooms for 553 Hay Street
- Design for Relocation of Public Trustee to 553 Hay Street
- Clients Residential Property Management Service
- Asset Consultant for annual performance benchmarking of PTIFs

The Public Trustee is a member of the Government Electronic Market (GEM) and all public tenders over \$20,000 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.

Freedom of Information Requests

Three applications were received and complied with under the *Freedom of Information Act* 1992. Two of the three applications were allowed full access to information and the records were not available for the remaining request. The average time for the Public Trustee to process an application was 35 days from time of receipt to notice of decision.

Office Relocation Project

The Public Trustee purchased 553 Hay Street Perth on behalf of clients to replace the building at 565 Hay Street Perth, which is expected to be included in a major development project planned for the area. The building at 553 Hay Street provides a suitable alternative as

an investment for clients and as a base for the Public Trustee through its central location and proximity to public transport hubs, enabling easy access and minimal change for clients.

The relocation of staff will be achieved in two phases as existing leases expire and current tenants vacate the space planned to be occupied by the Public Trustee. The project is well advanced, with two of the floors vacated as at 30 June 2010. The Public Trustee will be the major tenant of the building on completion of the second phase move.

The tender to design and project manage the move has been awarded to Woodhead through a government tender process and the demolition of existing fit out has commenced. The new design will be open plan for most floors and provide some space for increased demand expected in the immediate future. The new reception area to be completed in the second phase in the 2011/2012 financial year will provide ground floor, and user-friendly areas for all clients to meet and interact with staff. The design makes extensive use of recycled products and has incorporated energy saving measures in lighting and air conditioning.

The first phase of the move is planned for December 2010 and the second phase is scheduled for August / September 2011.

Corporate Support

Overview

2009/10 has been a year of consolidation for the Corporate Support directorate, in contrast to the previous year which was an extremely busy period. The introduction of the Management and Accounting Trust Environment (MATE) computer system upgrade, the implementation of the new fee and charges structure and significant associated training and development, all contributed to a productive and successful year.

The MATE system changes have been allowed to settle and a review of the IT Strategic Plan has meant that priorities have been reviewed and reset.

Throughout this year, we have continually analysed our fees and charges against budget and made recommendations where needed. This fine tuning is important from both a client and business perspective and has resulted in changes to improve our fee model. Self funding remains on-target for 2014.

Training and Development, along with Human Resources has delivered and met business needs and expectations. There has been a continuation of support for staff development along with training commitment. This area remains an important corporate objective and is important in complimenting our push for improving customer service delivery.

Our Internal Audit Plan was delivered by Deloitte, who were engaged for a one year contract. In 2010/11 we will again go to market to select an Internal Auditor but this will be for a longer engagement period.

Overall, 2009/10 has been another successful year for the Corporate Support directorate, having delivered a range of services that has assisted the business both operationally and strategically.

The following Section Reports provide more detail of the achievements made this year.

Finance

The Finance section provides the financial management and reporting functions within the Public Trustee. It assists the Corporate Executive in delivering financial outcomes consistent with financial targets through the provision of regular analysis and advice on the Public Trustee's finances, ensuring the Corporate Executive is fully informed of the current financial position when making decisions. It also manages the Public Trustee Bank Account and is responsible for both operational and Common Account payments.

Information prepared by Finance includes monthly Operational Reports and Expenditure Forecasts, quarterly Key Performance Indicator analysis, Budget analysis, and Budget Statement preparation. Finance prepares models and analysis of the fee revenue throughout the year to ensure the sustainability of Trustee Services to the Western Australian community.

Finance was responsible for managing a consolidated operational expenditure budget of \$17.00 million and a revenue budget of \$13.13 million (compared with \$14.73 million and \$11.78 million respectively for 2008/09). The expenditure budget is made available through a net appropriation determination via the Department of the Attorney General. Finance liaises with the Department of the Attorney General during the year to ensure the budgeting requirements of the Public Trustee are addressed, enabling the Public Trustee to meet financial and service level targets.

	2007/08	2008/09	2009/10
Operational budget	\$12.2M	\$14.73M	\$17M
Revenue budget	\$10.4M	\$11.78	\$13.13M

Finance also manages the Public Trustee Common Account Bank Account, which averaged a daily balance of \$18.65 million. This involved the co-ordination of a significant volume of financial transactions relating to clients' trust money, with receipts and disbursements both in excess of \$1,765 million (compared with \$472 million for 2008/09).

	2007/08	2008/09	2009/10
Common Account average daily balance	\$12M	\$22.7M	\$18.65M

The total value of the Common Account investments increased to an average of \$867 million throughout the year, with a value at 30 June 2010 of \$1,225 million.

The increase in the Common Account value and the value of transactions, was due to the awarding of the \$872m Bell Resources trust to the Public Trustee, and also included the redemption and reinvestment of \$134M of funds into the PTIFs.

Training & Development

In 2009/10 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. The focus for 2009/10 has been to reinforce the technical and legislative skills required as part of the role of working in a distinct area of the public sector.

The Employee Planning & Performance Assessment System (EPPAS) 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.

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 on-the-job training.
- **Estate Manager Induction Program:** The new deceased estate induction customised for the estates area was launched in July 2009. The in-house program similar to the trust manager program is a structured six week program incorporating structured facilitated learning with on the job training.

- **Certificate IV in Financial Services (Personal Trust Administration):** 16 staff members completed various units in the program run by the University of Western Sydney in conjunction with Trustee Corporation of Australia.
- **Management and Leadership program:** This commenced in August 2009 for senior staff members who have been identified as displaying outstanding leadership qualities. Three employees have now graduated from the program run by Leadership Management Australia.
- **Aboriginal Cultural Awareness:** 49 employees attended the workshop facilitated in-house by Kooya Consultancy. The workshop raises awareness of indigenous protocols and was customised to suit the requirements of the Public Trustee when dealing with Aboriginal clients.
- **Recruitment and Staff Selection training:** Workshops through ATI-Mirage were organised for senior staff members required to sit on interview panels.
- **TRIM Training:** A refresher course was organised for the Business Support staff and covered the basic and advanced features of recording information in the TRIM system efficiently.
- **Dealing with Difficult Clients:** 10 staff attended Aragon Education's training on developing strategies to deal with offensive or unwelcome behaviour by using verbal intervention techniques.
- **Enduring Powers of Guardianship (EPG) & Advanced Health Directives (AHD):** 30 employees attended a half day session covering the new legislation affecting the amendments to the *Guardianship and Administration Act 1990* and how EPGs and AHDs will operate.
- **Bullying Awareness:** All employees attended WorkSafe WA's one hour refresher workshop on Bullying and Conflict Management to reinforce the need to create a workplace that fosters mutual respect and is intolerant of any form of harassment that creates a risk to health and safety.
- **Substantive Equality:** All managers and directors (24) attended a half day workshop conducted by the Equal Opportunity Commission to gain a better understanding on whether the needs and circumstances of Indigenous and ethnic minority groups are appropriately considered in all service delivery, and if policies, practices and procedures are capable of highlighting possible inequalities.
- **Corruption Prevention:** Eight employees attended sessions designed to raise awareness and understanding of accountability requirements in the WA public sector and to enhance accountable and ethical decision making by public sector employees.
- **Writing for Government:** 23 employees attended ATI Mirage and Paramount writing workshops.

Subject	Staff Numbers	Hours
New Employee Induction	1	22.5
Trust Manager Induction	11 (12 Weeks)	4,950
Estate Manager Induction	4 (6 weeks)	900
CERT IV in Financial Services	16 (semester)	-
Management and Leadership	3	105
Aboriginal Cultural awareness	49	367.5
Recruitment and Staff Training	6	45
TRIM Training	12	36
Dealing with Difficult clients	10	75
Enduring Powers of Guardianship	30	90
Bullying Awareness	All staff	150
Substantive Equality	24	72
Corruption Prevention	8	60
Writing for Government	23	172.5

Systems & Technology

Following the upgrade to the Management and Accounting Trust Environment (MATE) computer system, which was the largest project since the implementation of MATE in 2001, this year has been one of review and consolidation.

This year has seen three production releases including changes made to the fee and charges structure, ready for a 1 July 2010 start. This fee for service charge is in line with the legislative changes that give the Public Trustee the ability to become self funding.

The IT Strategic Plan was reviewed and updated, and checked for alignment against the Public Trustee Strategic Plan.

A tender for the support and maintenance of MATE for the next three to five years was also procured with the successful incumbent Unisys Australia selected. The Public Trustee will work with Unisys to implement a program of enhancements within MATE and other business processes to deliver more efficiency.

A number of other initiatives commenced including a tender for an automated Wills drafting application which will significantly streamline the task of drafting Wills for clients.

Phase I of a project to implement a Client Relationship Management (CRM) system, to assist the Public Trustee in its endeavours to become self-funding, was implemented during 2009/10, and Phase 2 (integration of the CRM with MATE) is scheduled for implementation during 2010/11.

Finally, planning has commenced for the office relocation with the first move scheduled for early December 2010. Systems & Technology will be managing the shift of systems and telecommunications between buildings to ensure the impact on clients and services is minimal and office relocation is seamless.

Human Resources

The 2009/10 year saw a closer positioning of human resources to operational and business objectives to align the Public Trustee's workforce strategies and capabilities to meet future requirements.

The increase in full time equivalent (FTE) of 6.8% is attributable to strategy changes to improve business development, service level and business process improvements. This has led to 7.4 new permanent and three temporary project management positions being created within the Public Trustee.

The People Ready strategy and use of appointment pools continued to attract a large number of applicants with significant increases in applications received for most positions advertised during the year.

The continuation of employee attraction, retention and flexible workplace management initiatives highlighted the 2009/10 year. A shift towards greater levels of consultation, co-operation and lateral thinking saw staff and management engage in new retention strategies for staff to meet their work-life balance.

Initiatives include:

- part-time employment;
- leave without pay; and
- study assistance.

In October 2009 a Peer Support Program was implemented to complement the existing Employee Assistance Program and to encourage staff to talk to a trained support officer following a personal or workplace incident or when their coping strategies are not working. This program has been extremely successful and reflects a change in the Public Trustee workplace culture.

The Employee Exit Survey continued to gather critical information on the reasons staff are resigning, as well as gaining feedback from employees on office communication, leadership, equal employment opportunity/diversity, work environment, recognition and flexibility.

The qualitative, statistical and satisfaction information gained from staff exit surveys is assisting in shaping future human resource and organisational planning strategies.

Internal Audit

The 2009/10 Internal Audit Plan focused on four main areas:

- Investments
- MATE Post Implementation
- Taxation
- Financial Processes

Each review was performed by Deloitte who were appointed on a one-year contract following a formal tender offer. They identified opportunities for further improvement and highlighted many areas of strength. Where appropriate, corrective action was undertaken to address and strengthen internal controls.

The Risk Management and Audit Committee oversees the management of the Internal Audit function and met twice during the year. 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

The key impacts that will shape our business over the next five years will be:

- An ageing population - more clients requiring the services of the Public Trustee and likely to remain clients for a longer period of time. Similarly, the Public Trustee faces an ageing workforce with the need for knowledge capture and succession planning. Therefore the demand for trustee and executor services in WA is expected to significantly grow, with a steady increase in the number of new trusts being managed by the Public Trustee.
- Government spending policies (both State and Federal) including efficiency dividends, decentralisation of services and increased outsourcing require that the Public Trustee service more clients with less funding.
- Increasingly complicated compliance requirements, especially in the superannuation, company law, financial planning and regulatory fields.
- Growing trend for 'do-it-yourself' so that our services must be consistently more valuable to be seen as attractive.
- Rapidly changing technology and user resistance.
- Financial performance, especially when global and other factors outside of our control affect our investment performance and the income of our clients.
- 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, with impacts for how we deliver our services.

Current and emerging issues, challenges and trends

Political

Both Federal and State Governments have imposed efficiency dividends during the past two years as a way of saving money, which affects staffing levels with the prospect of reduced social services and social welfare, including disability services.

There is an increasing emphasis on State-Federal relations and public sector reform in the Western Australia sector heralds standardisation of government practices and job roles.

Economic

Lower interest rates, higher inflation and volatile share market prices affect the investment performance that the Public Trustee can secure on funds invested on behalf of clients. The plunging wealth of share markets in the past 18 months has decreased the return on investments of some of our clients with long-term needs. 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.

Housing affordability has fallen sharply from 2006 and house prices to income ratios remain high by historical comparison.

The structure of Western Australia's economy has changed rapidly over the past 18 months and the social impact is significant. The lingering effects of the global economic recession, together with localised Western Australian economic trends, provides the potential for increased marital and mental breakdowns, and drug and alcohol-related issues amongst those affected by redundancy and unemployment/overemployment. Difficult financial times bring about 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.

Other impacts include a noticeable increase in insurance charges of all types (including illness and accident).

The upside of the recession is that there is no longer difficulty in attracting and retaining able, committed and professional staff. In this regard, the serious erosion of superannuation funds is also likely to encourage experienced and senior staff to remain in the workforce.

Social

Between 2006-2026, WA's population is projected to increase by 30% and the population is projected to increase by 66.9% of people aged 65 years and over. In 2007/08, 149,365 people emigrated to Australia and WA received 15.2% of these arrivals (22,703).

Up to 19% of the current Public Sector workforce are likely to exit employment within the next five-ten years. Attitudes to full-time work have changed - over the past 30 years, the proportion of Western Australians in part-time work has risen from 17% to 27% of those employed.

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 trust management services in Western Australia is expected to significantly grow (conservative estimate at 9% per annum) because the population is ageing at a greater rate than the overall national population growth¹; there is 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.

Our regional pilots have indicated a large unmet demand for our services, particularly in the south west of Western Australia.

Technological

WA has the highest Internet connectivity of all States and Territories with 59.4% of dwellings having an Internet connection.

Medical technology has improved life expectancy in Western Australia to 79 years (men) and 84 years (women) in 2006 compared with 74 years (men) and 80 years (women) in 1988.

The uptake of new technologies (especially smart phones) continues to add to expectations of immediacy in client relationships.

As a result of innovation and rapid product development, the rate at which technology becomes obsolete is increasing.

Environmental

In June 2007, 74% of the State's population lived within the metropolitan area. The South West of WA has the highest concentration of people, but in 2006/07 the Kimberley experienced the fastest population growth in the State. Regional Wills visits show there is an unmet demand for Will drawing services in the South West region.

Environmental issues such as increasing energy costs and climate change also affect the disposable income of some of our clients who struggle to pay the increased charges.

Legal

The risk of contingent liabilities for work performed by the Public Trustee in the past continues to influence current policy and procedures and limits innovation in the way the Public Trustee delivers its services.

The compliance aspects of our work have also become more complicated, including the ability to obtain information from superannuation funds and the need for our legal officers to witness staff signatures.

Health and safety issues could also increase if staff workloads become unmanageable due to staffing freezes.

¹ 3201.0 - Population by Age and Sex, Australian States and Territories, Jun 2008

Competitive

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 difficult cases that make a loss.

In addition, there is a proliferation of Will drawing services provided 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 cheap kits available from post offices.

Various legal firms are increasing their advertising to counteract the Public Trustee's efforts to break into regional centres.

Developing our overall market share will be dependent on our ability to seize the opportunity to be flexible in meeting changing population needs and offer 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.

LOOKING AHEAD - MAJOR INITIATIVES IN 2010/11

In 2010/11 the Public Trustee will:

- review the structure of the Wills section;
- implement new Will writing software;
- seek additional resources for various support teams to enable them to cope with an increasing work load;
- commence the relocation of the Public Trustee office to 553 Hay St;
- continue to monitor and respond to significant increases in client demand, including reviewing the Client Service Centre structure to ensure that customer service delivery is maintained in light of both demand increases and the challenge of moving to a 'shop front' new building;
- implement Phase Two of the Client Relationship Management system, that is, integration with MATE;
- review the concept of a Community Trust as a bequest option;
- continue to raise the profile of the Public Trustee through public and stakeholder bulletins, advertising, education and media releases on relevant topics;
- continue to build relationships with stakeholders through visits, seminars, forums and joint activities and participate in relevant community initiatives and forums including Law Week, Seniors Week, Mental Health Week, Carers Week and APEA (Elder Abuse);
- implement an Online Induction Training Manual for new employees; and
- examine the feasibility of implementing Statement Automation for client accounts.

DISCLOSURES AND LEGAL COMPLIANCE

Auditor's 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 2010**

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

The financial statements comprise the Statement of Financial Position as at 30 June 2010, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows 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 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. This document is available on the OAG website under "How We Audit".

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.

Notes to the Financial Statements

Public Trustee

Financial Statements and Key Performance Indicators for the year ended 30 June 2010

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 2010 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards 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 2010.



COLIN MURPHY
AUDITOR GENERAL
10 September 2010

Notes to the Financial Statements

Financial Statements

Certification of Financial Statements for the year ended 30 June 2010

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 2010 and the financial position as at 30 June 2010.

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

**Sarah Marmara**

B Bus, CPA

Chief Finance Officer

6 September 2010

**John Skinner**

B Sc, Grad. Dip FP

Accountable Authority

6 September 2010

Notes to the Financial Statements

Statement of Comprehensive Income

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
COST OF SERVICES			
EXPENSES			
Write offs	6	307,149	93,465
Employee benefits expense	7(a)	11,877,206	11,428,179
Computer services	7(a)	336,465	128,675
Administration expenses	7(a)	3,146,806	2,388,458
Accommodation expenses	7(a)	1,005,599	910,756
Corporate service expenses	7(a)	1,693,481	1,724,411
Total expenses before payments to Consolidated Account		18,366,706	16,673,944
Fees paid to Consolidated Account	8	11,410,538	9,768,719
Surplus Common Account Interest paid to Consolidated Account	9	1,220,000	1,738,000
Other revenue and reserves paid to Consolidated Account		1,435,542	517,996
Total cost of services		32,432,786	28,698,659
INCOME			
Fees raised from Estates and Trusts	2(i)	9,917,413	8,945,692
Public Trustee 6% fee from Common Account	2(i), 24(a)	2,756,162	1,481,148
Management Fee from Strategic Common Accounts	2(i)	472,102	-
Receipts from Common Account Surplus Interest	2(i), 9, 24(a)	4,533,608	4,660,775
Receipts from Common Account Reserves	2(i), 24(a)	5,000,000	5,000,000
Interest revenue	2(i), 24(a)	1,263,835	851,356
Other revenue	2(i)	19,163	16,927
Total income other than income from State Government		23,962,283	20,955,898
Net Cost of Service before Income from State Government	13(b)	(8,470,503)	(7,742,761)
INCOME FROM STATE GOVERNMENT			
Royalties for Regions Fund	7(a)	20,130	-
Recoups and other revenue from the Department of the Attorney General	7(a)	10,470	154,400
Corporate revenue allocation from the Department of the Attorney General	7(a)	324,337	190,688
Resources received free of charge from the Department of the Attorney General	7(a), 19	17,704,620	16,235,391
Total income from State Government		18,059,557	16,580,479
SURPLUS/(DEFICIT) FOR THE PERIOD		9,589,054	8,837,718
OTHER COMPREHENSIVE INCOME			
Transfers to/from Public Trustee reserves		(8,545,081)	(8,305,208)
Total other comprehensive income		(8,545,081)	(8,305,208)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,043,973	532,510

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

Notes to the Financial Statements

Statement of Financial Position

As at 30 June 2010

	Note	2010 \$	2009 \$
ASSETS			
Current Assets			
Cash - Investment in Common Account	13(a)	27,512,687	17,153,010
Debtors		28,503	-
Total Current Assets		27,541,190	17,153,010
TOTAL ASSETS		27,541,190	17,153,010
LIABILITIES			
Current Liabilities			
Accrued Fees Payable to Consolidated Account	11	476,036	-
Tax liabilities	12	347,583	303,189
Creditors		278,696	-
Total Current Liabilities		1,102,315	303,189
TOTAL LIABILITIES		1,102,315	303,189
NET ASSETS		26,438,875	16,849,821
EQUITY			
Indemnity reserve	10(a)(i)	8,562,423	4,001,222
Business development reserve	10(a)(ii)	16,072,990	12,089,110
Retained earnings	10(b)	1,803,462	759,489
TOTAL EQUITY		26,438,875	16,849,821

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

Notes to the Financial Statements

Statement of Changes in Equity
For the year ended 30 June 2010

	Note	2010	2009
		\$	\$
Balance of equity at start of period		16,849,821	8,012,103
RESERVES			
Indemnity Reserve			
Balance at start of period		4,001,222	3,785,124
Transfers to reserves		4,646,530	277,445
Transfers from reserves		(85,329)	(61,347)
Balance at end of period	10(a)(i)	<u>8,562,423</u>	<u>4,001,222</u>
Business Development Reserve			
Balance at start of period		12,089,110	4,000,000
Transfers to reserves		11,744,783	10,318,896
Transfers from reserves		(7,760,903)	(2,229,786)
Balance at end of period	10(a)(ii)	<u>16,072,990</u>	<u>12,089,110</u>
RETAINED EARNINGS			
Balance at start of period		759,489	226,979
Total comprehensive income for the period		<u>1,043,973</u>	<u>532,510</u>
Balance at end of period	10(b)	<u>1,803,462</u>	<u>759,489</u>
Balance of equity at end of period		<u>26,438,875</u>	<u>16,849,821</u>

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

Notes to the Financial Statements

Statement of Cash Flows

For the year ended 30 June 2010

	Note	2010 \$	2009 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees raised from Estates and Trusts		9,813,816	8,847,367
Public Trustee 6% fee from Common Account		2,756,162	1,481,148
Management fee from Strategic Common Accounts		472,102	-
Receipts from Common Account Surplus Interest		4,533,608	4,660,775
Receipts from Common Account Reserves		5,000,000	5,000,000
Interest revenue		1,263,835	851,356
GST receipts on fees		1,988,084	1,625,983
Other revenue		19,163	16,927
Payments			
GST payments on purchases		(319,512)	(301,551)
GST payments to taxation authority		(1,620,916)	(1,275,995)
Net Cash provided by operating activities	13(b)	<u>23,906,342</u>	<u>20,906,010</u>
CASH FLOWS TO STATE GOVERNMENT			
Fees paid to Consolidated Account		(10,934,502)	(10,041,000)
Surplus Common Account Interest paid to Consolidated Account	9	(1,220,000)	(1,738,000)
Other revenue and reserves paid to Consolidated Account		(1,392,163)	(517,996)
Net Cash provided to State Government		<u>(13,546,665)</u>	<u>(12,296,996)</u>
Net increase/(decrease) in cash and cash equivalents		10,359,677	8,609,014
Cash and cash equivalents at the beginning of period		17,153,010	8,543,996
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	13(a)	<u>27,512,687</u>	<u>17,153,010</u>

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

Notes to the Financial Statements

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Notes to the Financial Statements

Notes to the Financial Statements

For the year ended 30 June 2010

1. Australian Accounting Standards**General**

The Public Trustee's financial statements for the year ended 30 June 2010 have been prepared in accordance with Australian Accounting Standards. The term 'Australian Accounting Standards' refers to Standards and Interpretations issued by the Australian Accounting Standard Board (AASB).

The Public Trustee has adopted any applicable, new and revised Australian Accounting Standards from their operative dates.

Early adoption of standards

The Public Trustee cannot early adopt an Australian Accounting Standard unless specifically permitted by TI 1101 *Application of Australian Accounting Standards and Other Pronouncements*. No Australian Accounting Standards that have been issued or amended but not operative have been early adopted by the Public Trustee for the annual reporting period ended 30 June 2010.

2. Summary of significant accounting policies**2 (a) (i) General statement**

The financial statements constitute general purpose financial statements that have been prepared in accordance with 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 Australian 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 has been 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, unless otherwise stated.

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 end of the reporting period 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:

Notes to the Financial Statements

2 (b) (i) Mortgages

Mortgages are recorded at lending cost and remain fixed for the term of the loan – refer note 24(f)(i).

2 (b) (ii) Properties

The Public Trustee Common Account owns two investment properties, both comprising of land and office buildings. At 30 June 2010 Public Trustee is the principal occupier of the property at 565 Hay St and during 2010-11 will be relocating to the second property at 553 Hay St. The Public Trustee is holding the property at 553 Hay St for long-term rental yields. The properties are recorded at fair value - refer note 24(f)(ii). Market based evidence is available and the fair value of the land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period.

2 (b) (iii) Cash and Cash Equivalent

Government and other money market securities are recorded at cost, on a constant yield basis over the period to maturity.

For the purpose of the Statement of cash Flows, 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 accounts

Section 39A of the *Public Trustee Act* 1941 establishes the Common Account, which is a continuation to the Common Account referred to in section 40(1) of this Act immediately before the day on which section 25 of the *Public Trustee and Trustee Companies Legislation Amendment Act* 2008 came into operation.

Section 39B of the *Public Trustee Act* 1941 establishes the Strategic Common Accounts. The Public Trustee created four Strategic Common Accounts, these are also known as Public Trustee Investment Funds (PTIF). The Strategic Common Accounts are named Cash strategic investment account, Conservative strategic investment account, Growth strategic investment account; and Growth Plus strategic investment account (also known as Public Trustee Investment Fund – Cash, Public Trustee Investment Fund – Conservative, Public Trustee Investment Fund – Growth and Public Trustee Investment Fund – Growth Plus). The Strategic Common Accounts were established on 1 July 2009.

Details of the Common Account are shown at note 24; details of the Strategic Common Accounts are shown at note 25.

Details of receipts and payments in the individual estates and trusts are not shown in the financial statements.

2 (d) Reserves

On 1 July 2008 amendments to the *Public Trustee Act* 1941 and *Public Trustee Regulations* 1942 took effect. Pursuant to section 6B of the Act and regulation 6 of the regulations, the current agreement 2009/10 prescribes the circumstances in which money may be transferred to or from a reserve fund and the uses of a reserve fund. The current agreement is a written agreement between the Minister and the Public Trustee for a 12 month period.

Sections 8 to 12 of the Current Agreement 2009/10 prescribes the use of the Public Trustee Reserves and Common Account Reserves.

The Public Trustee Indemnity Reserve has been established to meet any liability that the Public Trustee may incur, in a corporate capacity, at law to compensate a person for loss or damage that the person has or might have suffered. The reserve level is reviewed annually, is based on independent actuarial advice and represents a percentage of the total client assets and liabilities managed.

Notes to the Financial Statements

The Business Development Reserve has been established to meet future capital requirements (refer Note 10(a)(ii)).

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(h)(i)).

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 re-translated at the rate of exchange current at the end of the reporting period.

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:

The Net fair value of the financial instruments, which are monetary financial assets and liabilities not traded in an organised financial market, is measured on a cost basis. These assets are the investments in the Common Account and accrued fees payable to the Consolidated Account. This 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:

- 2 (i) (i)** Fees raised from Estates and Trusts are recognised at the time they are collected, usually at the end of each month.
- 2 (i) (ii)** Public Trustee 6% fee from the Common Account is recognised at the end of each month, with a final adjustment at year-end.
- 2 (i) (iii)** Management Fees from Strategic Common Accounts are recognised monthly as they accrue.
- 2 (i) (iv)** Receipts from Common Account surplus interest are recognised monthly.
- 2 (i) (v)** Receipts from Common Account Reserves are recognised when received.
- 2 (i) (vi)** Interest revenue is recognised as it accrues, using the effective interest rate method.
- 2 (i) (vii)** 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.

Where assets or services are received from another State Government agency, these are separately disclosed under Income from State Government in the Statement of Comprehensive Income.

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.

Notes to the Financial Statements

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 (i.e. impairment). 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.

The Public Trustee holds operating leases for the offices in the Public Trustee building. Lease payments are expensed as they are incurred.

2 (n) Impairment of assets

2 (n) (i) Non-current assets

Non-current Assets are tested for any indication of impairment at the end of each reporting period. 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.

2 (n) (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 effective for annual reporting periods beginning on or after 1 July 2009 that impacted on the Public Trustee:

AASB 101 *Presentation of Financial Statements* (September 2007). This Standard has been revised and introduces a number of terminology changes as well as changes to the structure of the Statement of Changes in Equity and the Statement of Comprehensive Income. It is now a requirement that owner changes in equity be presented separately from non-owner changes in equity. There is no financial impact resulting from the application of this revised Standard.

AASB 2007-10 *Further Amendments to Australian Accounting Standards arising from AASB 101*. This Standard changes the term 'general purpose financial report' to 'general purpose financial statements', where appropriate in Australian Accounting

Notes to the Financial Statements

Standards and the Framework to better align with IFRS terminology. There is no financial impact resulting from the application of this Standard.

AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17 – Distributions of Non-cash Assets to Owners [AASB 5 & AASB 110].* This Standard amends AASB 5 Non-current Assets Held for Sale and Discontinued Operations in respect of the classification, presentation and measurement of non-current assets held for distribution to owners in their capacity as owners. This may impact on the presentation and classification of Crown land held by the Public Trustee where the Crown land is to be sold by the Department of Regional Development and Lands (formerly Department for Planning and Infrastructure). The Public Trustee does not expect any financial impact when the Standard is first applied prospectively.

AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments AASB 4, AASB 7, AASB 1023 & AASB 1038.* This Standard amends AASB 7 and will require enhanced disclosures about fair value measurements and liquidity risk with respect to financial instruments. There is no financial impact resulting from the application of this Standard.

Future impact of Australian Accounting Standards not yet operative

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

Standard	Title	Operative for reporting periods beginning on/after
AASB 2009-11	<i>Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12].</i>	1 Jan 2013
	The amendment to AASB 7 requires modification to the disclosure of categories of financial assets. The Public Trustee does not expect any financial impact when the Standard is first applied. The disclosure of categories of financial assets in the notes will change.	
AASB 1053	<i>Application of Tiers of Australian Accounting Standards</i>	1 July 2013
	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. The Standard does not have any financial impact on the Authority. However it may affect disclosures in the financial statements of the Authority if the reduced disclosure requirements apply. DTF has not yet determined the application or the potential impact of the new Standard for agencies.	

Notes to the Financial Statements

Standard	Title	Operative for reporting periods beginning on/after
AASB 2010-2	<i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements</i>	1 July 2013

This Standard makes amendments to many Australian Accounting Standards, including interpretations, to introduce reduced disclosure requirements into these pronouncements for application by certain types of entities. The Standard is not expected to have any financial impact on the Authority. However this Standard may reduce some note disclosures in the financial statements of the Authority. DTF has not yet determined the application or the potential impact of the amendments to these Standards for agencies.

3. Judgements made by management in applying accounting policies

The preparation of financial statement requires management to make judgements about the application of accounting policies that have a significant effect on the amounts recognised in the financial statements. The Public Trustee evaluated these judgements regularly.

The judgement made during the year was to apply the fair value of the Investment properties of the Common Account. The fair value was determined by an independent valuation conducted by 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

There are no events occurring after balance date that will materially impact the interpretation of the financial statements.

6. Write offs

The amount of \$307,149 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*.

	2010	2009
	\$	\$
Write Offs	307,149	93,465

Notes to the Financial Statements

7. Income from State Government**7 (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. The Public Trustee received funding in the current period for Royalties for Region recurrent expenses.

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

	2010	2009
	\$	\$
Operating Expenses		
Employee benefits expense		
Salaries	10,893,077	10,530,391
Superannuation and pension	984,129	897,788
	<u>11,877,206</u>	<u>11,428,179</u>
Computer services	336,465	128,675
Administration expenses	3,146,806	2,388,458
Accommodation expenses	1,005,599	910,756
Corporate service expenses	1,693,481	1,724,411
Total operating expenses	<u>18,059,557</u>	<u>16,580,479</u>

Operating Income

Royalties for Regions Fund ⁽ⁱ⁾	20,130	-
Recoups and other revenue from the Department of the Attorney General	10,470	154,400
Corporate revenue allocation from the Department of the Attorney General	324,337	190,688
Resources received free of charge from the Department of the Attorney General	17,704,620	16,235,391
Total operating income	<u>18,059,557</u>	<u>16,580,479</u>

(i) This is a sub-fund within the over-arching 'Royalties for Regions Fund'. The recurrent funds are committed to projects and programs in WA regional areas.

8. Fees paid to Consolidated Account

Pursuant to section 6B(2)(b) of the *Public Trustee Act 1941* and regulation 6(b) of the *Public Trustee Regulations 1942*, from 1 July 2008 the Current Agreement sets out the proportion of the fees received by the Public Trustee to be credited to the Consolidated Account. The Current Agreement 2009/10 determines that the Public Trustee is to transfer at least \$10,884,000 in fees to the Consolidated Account if the fees collected are in excess of \$10,884,000. If the fees collected are below this figure then all fees collected shall be paid to the Consolidated Account, via the Department of the Attorney General's net appropriation determination.

	2010	2009
	\$	\$
Fees paid to Consolidated Account	<u>11,410,538</u>	<u>9,768,719</u>

9. Surplus Common Account Interest paid to Consolidated Account

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. Section 39A (8) of the *Public Trustee Act 1941* allows the Public Trustee to credit this Surplus Common Account Interest to a reserve fund. The Current Agreement 2009/10 Section 10.3 determines that the Public Trustee shall credit to the Business Development Reserve, at least \$1,220,000 of the balance of interest received. Section 10.4 of the Current Agreement prescribes this amount shall be paid from the Business Development Reserve to the Consolidated Account, via the Department of the Attorney General's net appropriation determination.

Notes to the Financial Statements

	2010	2009
	\$	\$
Surplus Common Account Interest paid to Consolidated Account	1,220,000	1,738,000

10. Equity

Equity represents the residual interest in the net assets of the Public Trustee.

10 (a) Reserves

Pursuant to section 6B of the *Public Trustee Act 1941* and Regulation 6 of the *Public Trustee Regulation 1942*, the Current Agreement 2009/10 prescribes the circumstances in which money may be transferred to or from a reserve fund and the uses of a reserve fund. 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:

	Note	2010	2009
		\$	\$
Total Reserves			
Balance at start of year		16,090,332	7,785,124
ADD Transfer to Reserves		16,391,313	10,596,341
LESS Transfer from Reserves		(7,846,232)	(2,291,133)
Balance at end of year		24,635,413	16,090,332
Represented by:			
Indemnity Reserve			
Balance at start of year		4,001,222	3,785,124
ADD Transfer to Reserves		4,646,530	277,445
LESS Transfer from Reserves		(85,329)	(61,347)
Balance at end of year	10(a)(i)	8,562,423	4,001,222
Business Development Reserve			
Balance at start of year		12,089,110	4,000,000
ADD Transfer to Reserves		11,744,783	10,318,896
LESS Transfer from Reserves		(7,760,903)	(2,229,786)
Balance at end of year	10(a)(ii)	16,072,990	12,089,110
Total Balance of Reserves at end of Year		24,635,413	16,090,332

10 (a) (i) Indemnity Reserve

If the Public Trustee, in its corporate capacity, is or might be liable at law to compensate a person for loss or damage that the person has or might have suffered, then the Public Trustee may, apply moneys from the Indemnity Reserve, to pay to investigate, defend, settle and/or compromise the matter; or to pay for any loss or damage that the person has or might have suffered, including, but not limited to, costs and disbursements, as specified in section 9.3 of the Current Agreement 2009/10. The reserve level is reviewed annually, is based on independent actuarial advice and represents a percentage of the total client assets and liabilities managed.

10 (a) (ii) Business Development Reserve

The uses of the Business Development Reserve are specified in section 10.5 of the Current Agreement 2009/10 and include, payment of capital costs, meeting shortfalls in revenue paid to the consolidated account, costs associated with the coming into operation of the *Public Trustee and Trustee Companies Legislation Amendment Act 2008*.

Notes to the Financial Statements

10 (b) Retained Earnings

	2010	2009
	\$	\$
Balance at start of year	759,489	226,979
Surplus/(Deficit)	9,589,054	8,837,718
Transfer to reserves	(16,391,313)	(10,596,341)
Transfer from reserves	7,846,232	2,291,133
Balance at end of year	1,803,462	759,489

11. Accrued Fees Payable to Consolidated Account

	2010	2009
	\$	\$
Accrued Fees payable to Consolidated Account	476,036	-

12. Tax liabilities

	2010	2009
	\$	\$
GST payable	347,583	303,189

13. Notes to the Statement of Cash Flows**13(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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2010	2009
	\$	\$
Cash - Investment in Common Account	27,512,687	17,153,010

13(b) Reconciliation of net cost of service before income from State Government to net cash flows provided by operating activities:

	2010	2009
	\$	\$
Net Cost of Service before Income from State Government	(8,470,503)	(7,742,761)

Non-cash items:

Employee benefits expense	11,877,206	11,428,179
Computer services	336,465	128,675
Administration expenses	3,146,806	2,388,458
Accommodation expenses	1,005,599	910,756
Corporate service expenses	1,693,481	1,724,411

Payments:

Fees paid to Consolidated Account	11,410,538	9,768,719
Surplus Common Account Interest paid to Consolidated Account	1,220,000	1,738,000
Other revenue and reserves paid to Consolidated Account	1,435,542	517,996

Decrease/Increase in Assets and Liabilities

Debtors	(28,503)	-
Change in GST in payables	44,394	43,577
Creditors	235,317	-
Net cash provided by operating activities	23,906,342	20,906,010

Notes to the Financial Statements

13(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**14(a) 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:

\$	2010	2009
160,001 - 170,000	1	1
Total remuneration of members of the accountable authority is:	\$167,373	\$167,307

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.

14(b) 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:

\$	2010	2009
110,001 - 120,000	-	1
120,001 - 130,000	-	1
130,001 - 140,000	3	1
140,001 - 150,000	-	-
150,001 - 160,000	1	1
160,001 - 170,000	-	-
170,001 - 180,000	1	1
Total remuneration of senior officers is:	\$735,998	\$707,995

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 in respect to the audit for the current financial year is as follows:

	2010 \$	2009 \$
Auditing the accounts, financial statements and performance indicators	59,000	60,000

16. Contingent liabilities & Commitments**16(a) Contingent liabilities**

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

Litigation in progress

The Public Trustee has 11 matters where litigation against the Public Trustee may result. They involve potential claims for damages to the value of \$2.41 million inclusive of court costs. These claims however, have not been finalised and in some cases it is likely that there will not be any liability at all. As a result, no liability has been recognised in the Financial Statements at 30 June 2010.

Notes to the Financial Statements

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.

16(b) Commitments

In July 2009 the Public Trustee entered into a new 5 year lease of 565 Hay Street, with a rent review on 1 July 2010 and 1 July 2012. The new rate from 1 July 2010 is \$153.21 p.m². The lease allows for early termination by the giving of not less than 3 months notice.

Property Lease Commitments

Commitments in relation to leases contracted for at the end of the reporting period but not recognised in the financial statements are payable as follows:

	2010 \$	2009 \$
Within 1 year	449,671	469,170
Later than 1 year and not later than 5 years	449,671	-
Later than 5 years	-	-
	899,342	469,170

Representing :

Cancellable operating leases	899,342	469,170
Non-cancellable operating leases	-	-
Future finance charges on finance leases	-	-
	899,342	469,170

17. Impairment of assets

There were no indications of impairment to assets at 30 June 2010.

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

There are no surplus assets held at 30 June 2010.

18. Financial instruments**18(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 s39A *Public Trustee Act 1941*.

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 in terms of s42 *Public Trustee Act 1941* 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.

Notes to the Financial Statements

The only investments are cash term deposits with banks the lowest credit rating being A2, two Buildings and three Commercial Loans of \$1 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 credit risk of the first mortgage over the commercial loan is very minor.

Liquidity risk

Liquidity risk arises when the Public Trustee is unable to meet its financial obligations as they fall due.

The Public Trustee is exposed to liquidity risk through its trading in the normal course of business.

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. The building at 565 Hay Street has been an asset of the Common Account since 1970, a second building was purchased in August 2008 located at 553 Hay Street. The majority of the Common Account portfolio is in liquid form with an average of \$18 million held in 24 hour at call account with Western Australian Treasury Corporation (WATC) and \$781 million in term deposits with banks. The liquidity is monitored by the Financial Analyst, the Manager Finance and the Director Business Services.

Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates and interest rates will affect the Public Trustee's income or the value of its holdings of financial instruments. 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 by s42 *Public Trustee Act* 1941; 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.

Notes to the Financial Statements

18(b) Categories of financial instruments

The carrying amount of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010 \$	2009 \$
Financial Assets		
Cash - Investment in Common Account	27,512,687	17,153,010
Debtors	28,503	-
Financial Liabilities		
Accrued fees payable to Consolidated Account	476,036	-
Tax Liabilities	347,583	303,189
Creditor	278,696	-

18(c) Financial instrument disclosures**Credit risk, liquidity risk and interest rate risk exposures**

The State Government guarantees all financial assets of the Public Trustee Common Account and therefore no credit risk exists in respect of those amounts. The Public Trustee has no material exposure to liquidity risk.

The Public Trustee's maximum exposure to credit risk, at the end of the reporting period is the carrying amount of financial assets as shown below. The table is based on information provided to senior management of the Public Trustee.

The Public Trustee does not hold any collateral as security or other credit enhancement relating to the financial assets it holds.

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.

Interest rate exposures and ageing analysis of financial assets

	Weighted average effective interest rate %	Carrying amount \$'000	Fixed Interest rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	Past due but not impaired \$'000	Impaired financial assets \$'000
2010							
Financial Assets							
Cash - Investment in Common Account	5.90	27,513	-	27,513	-	-	-
Debtors		28	-	-	28	-	-
2009							
Financial Assets							
Cash - Investment in Common Account	6.43	17,153	-	17,153	-	-	-

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows.

Notes to the Financial Statements

Interest rate exposure and maturity analysis of financial liabilities

	Weighted average effective interest rate %	Carrying amount \$'000	Fixed Interest rate \$'000	Variable Interest Rate \$'000	Non- interest bearing \$'000	Adjustment for discounting \$'000	Total Nominal amount \$'000	Maturity Date – Up to 3 months \$'000
2010								
Financial Liabilities								
Accrued Fees		476	-	-	476	-	-	-
Tax Liability	-	348	-	-	348	-	-	-
Creditors		279	-	-	279	-	-	-
2009								
Financial Liabilities								
Tax Liability	-	303	-	-	303	-	-	-

Interest rate sensitivity analysis

The following table represents a summary of the interest rate sensitivity of the Public Trustee's financial assets and liabilities at the end of the reporting period 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 the change in interest rate is held constant throughout the reporting period.

	Carrying amount \$'000	-100 Basis Points (-1%) Surplus \$'000	Equity \$'000	+100 Basis Points (+1%) Surplus \$'000	Equity \$'000
2010					
Financial Assets					
Cash - Investment in Common Account	27,513	(275)	(275)	275	275
2009					
Financial Assets					
Cash - Investment in Common Account	17,153	(172)	(172)	172	172

The sensitivity is higher in 2009 than 2008 because of an increase in the value of cash.

Fair values

All financial assets and liabilities recognised in the statement of financial position, 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 the applicable notes.

19. Related bodies

The Public Trustee is a Statutory Authority. However, its operational expenses are appropriated by Parliament through 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's Annual Report.

20. Financial reporting by segments

Disclosure of outcome results in terms of segment is not required as the Public Trustee is a not for profit agency.

Notes to the Financial Statements

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 visits to the islands during the financial year.

Statement of Receipts and Expenditure for the period ended 30 June 2010:

	2010	2009
	\$	\$
Opening balance	4,706	5,144
Receipts	-	-
Expenditure	(287)	(438)
Closing balance	4,419	4,706

22. Explanatory statement**22(a) Significant variations between actual and prior year actual**

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.

	2010	2009	Variance
	\$	\$	\$
Expenses			
Writeoffs	307,149	93,465	(213,684)
Computer Services	336,465	128,675	(207,790)
Administration Expenses	3,146,806	2,388,458	(758,348)
Fees paid to Consolidated Account	11,410,538	9,768,719	(1,641,819)
Surplus Common Account Interest paid to Consolidated Account	1,220,000	1,738,000	518,000
Other revenue and reserves paid to Consolidated Account	1,435,542	517,996	(917,546)
Income			
Fees raised from Estates and Trusts	9,917,413	8,945,692	971,721
Public Trustee's 6% fee from Common Account	2,756,162	1,481,148	1,275,014
Management fee from Strategic Common Account	472,102	-	472,102
Interest	1,263,835	851,356	412,479
Recoups and other revenue from Department of the Attorney General	10,470	154,400	(143,930)
Department of the Attorney General Corporate revenue	324,337	190,688	133,649

Writeoffs

The 2010 writeoffs include a large settlement of \$190,000 that had previously been recognised as a contingent liability and several small settlements from the indemnity reserve of \$85,329.

Computer Services

The upgrade to the MATE computer system has resulted in the increase.

Administration expenses

The increase in expenditure in Administration expenses is a result of recurrent expenditure on the capital works programs in 2010.

Notes to the Financial Statements

Fees paid to Consolidated Account

The Public Trustee received increases in approved expenditure for 2010; this expenditure was funded by increased revenue payments to the Consolidated Account via the Department of the Attorney General.

Surplus Common Account Interest paid to Consolidated Account

The introduction of the Public Trustee Investment Funds was forecast to result in a reduction in value of the Common Account as these funds were to be moved into the new investment options. As a result the budget for the value of Surplus Common Account income to be paid to the Consolidated Account was reduced.

Other revenue and reserves paid to Consolidated Account

The Public Trustee's Capital works programs to upgrade the computer system, implement the changes resulting from the legislation changes, automate the will writing system and the relocation to the new Public Trustee building were all funded through the Business Development reserve.

Fees raised from Estates and Trusts

On 1 July 2009 the Public Trustee introduced the new fee structure. The fees have moved away from commission based fees to effort based. The Public Trustee has forecast to be fully cost recovered in four years.

Public Trustee 6% fee from Common Account

The Public Trustee was awarded an \$872million court trust in December 2009, the award is fully invested in the Common Account and the PT draws a 6% fee on the income earned.

Management fee from Strategic Common Account

In July 2009 the Public Trustee introduced the Strategic Common Accounts (Public Trustee Investment Funds), these investments provide a managed fund investment option to the Public Trustee Clients and the Public Trustee draws a management fee.

Interest

The Increase in interest earned by the Public Trustee is a result of the increase in Equity held by the Public Trustee in the Common Account.

Recoups and other revenue from Department of the Attorney General

The reduction in Recoups and other revenue is a result of the Public Trustee receiving a reduction in funding from the Department of the Attorney General for Workers Compensation claims.

Department of the Attorney General Corporate revenue

The Public Trustee received additional corporate revenue allocation from the Department of the Attorney General.

Notes to the Financial Statements

22(b) Significant variations between estimated and actual results for the financial year

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.

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.

	2010 Estimate \$	2010 Actual \$	Variation \$
Expenses			
Writeoffs	20,000	307,149	(287,149)
Computer services	17,738	336,465	(318,727)
Administration expenses	2,143,678	3,146,806	(1,003,128)
Accommodation expenses	897,340	1,005,599	(108,259)
Corporate service expense	1,469,173	1,693,481	(224,308)
Other revenue and reserves paid to Consolidated Account	300,000	1,435,542	(1,135,542)
Income			
Public Trustee's 6% fee from Common Account	574,278	2,756,162	2,181,884
Management fee from Strategic Common Account	295,701	472,102	176,401
Receipts from Common Account Surplus Interest	1,216,600	4,533,608	3,317,008
Interest revenue	280,630	1,263,835	983,205
Department of the Attorney General Corporate revenue	-	324,337	324,337
Resources received free of charge from the Department of the Attorney General	16,000,914	17,704,620	1,703,706

Writeoffs

The 2010 writeoffs include a large settlement of \$190,000 and that had previously been recognised as a contingent liability and several small settlements from the indemnity reserve of \$85,329.

Computer services

The upgrade to the MATE computer system has resulted in an increase in depreciation, which was not included in the original budget allocation for the Public Trustee.

Administration expenses

The increase in administration expenses is a result in unbudgeted expenditure on representing a client in court proceedings and recurrent expenditure on the capital works program that had been budgeted as Capital expenditure.

Accommodation expenses

The Public Trustee received a funding increase during the year for the additional costs being incurred during the relocation to new premises and increases in rental costs from cost escalations.

Corporate service expenses

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

Notes to the Financial Statements

Other revenue and reserves paid to Consolidated Account

The Public Trustee is self funding the capital programs and increases in accommodation costs with reserves. The increase in expenditure from the estimates is due to approval for the increase in accommodation costs after the original budget was set.

Public Trustee's 6% fee from Common Account

The Public Trustee was appointed Trustee of an \$872million court trust in December 2009. The Public Trustee collects 6% fee from the income earned by the investment on these funds within the Common Account.

Management fee from Strategic Common Account

In July 2009 the Public Trustee introduced a new investment strategy for the clients of the Common Account, the Strategic Common Accounts (Public Trustee Investment Funds). The Public Trustee collects an annual management fee of .5% of the value of the funds invested in these accounts. The transitioning of clients into the new investments was quicker than originally forecast resulting in a higher than forecast income.

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. The Public Trustee currently has Common Account investments in 2 buildings, 565 and 553 Hay Street, resulting in a greater than forecast return.

Interest Revenue

The Public Trustee had forecast to reduce the value of the Public Trustee Reserves during the year to fund the capital works programs. The relocation capital works program expenditure has been carried forward to the 2011 year, and therefore the funds remained in reserves earning income.

Department of the Attorney General Corporate revenue

The variance is due to an increase in corporate services revenue allocated by the Department of the Attorney General.

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

The variance is caused by budget increases received during the year. The Public Trustee funded the expenditure in excess of budget through increased revenue payments to the Consolidated Account.

Notes to the Financial Statements

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 2010:**NET TRUST ASSETS UNDER ADMINISTRATION WERE:**

ESTATES AND TRUSTS	Note	2010 \$	2009 \$
Deceased Estates		168,351,045	166,364,737
Direct Action		1,488,736	2,743,661
Entitled Trusts		271,976,147	261,101,733
Protected Management		250,079,818	235,963,818
Testamentary Trusts		63,801,103	59,180,652
Power of Attorney		35,204,049	32,690,712
Trusts		918,815,785	35,776,585
Safe-care		2,767,973	6,422,555
NET TRUST ASSETS		1,712,484,656	800,244,453
Investments in Common Account	24(g)	1,162,449,593	333,684,778
Investments in Strategic Common Accounts	23(a), 25(a)	133,945,001	-
Bank deposits		61,672,369	57,801,321
Equities	23(a)	23,175,660	40,411,188
Unit Trusts	23(a)	6,073,413	68,233,483
Life Policies	23(b)	1,403,237	1,458,079
Real Estate	23(c)	318,218,461	291,277,937
Other Assets	23(d)	29,628,855	30,301,666
Total Investment and Loan Assets		1,736,566,589	823,168,452
TOTAL TRUST ASSETS		1,736,566,589	823,168,452
CURRENT LIABILITIES			
Creditors		14,876,064	12,728,306
Loans		301,422	742,508
Mortgages – Deceased estates		1,498,782	1,062,870
Total Current Liabilities		16,676,268	14,533,684
NON CURRENT LIABILITIES			
Mortgages – Trust estates		7,405,665	8,390,315
Total Non Current Liabilities		7,405,665	8,390,315
TOTAL TRUST LIABILITIES		24,081,933	22,923,999
NET TRUST ASSETS		1,712,484,656	800,244,453

Notes to the Financial Statements

Basis of valuation(s):

23(a) Equities, unit trusts and Strategic Common Accounts

For deceased estates the valuation is at the date of death. In other matters, the valuation for equities, unit trusts and Strategic Common Accounts is at 30 June 2010 and sourced from market publications.

23(b) Life policies

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

23(c) 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.

23(d) 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.

Notes to the Financial Statements

24. Public Trustee Common Account

The following are the financial statements of the Public Trustee Common Account.

**24(a) PUBLIC TRUSTEE COMMON ACCOUNT
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 30 June 2010**

	Note	2010 \$	2009 \$
EXPENSES			
Doubtful Debts		11,910	1,556
Investment expenses		2,733,272	2,137,385
Interest paid to Estates and Trusts	24(e)	37,382,405	17,692,517
Decrement from revaluation of investment		4,247,742	12,304,244
Total expenses before payments to Public Trustee		44,375,329	32,135,702
6% income fee paid to the Public Trustee		2,756,162	1,481,148
Interest paid to the Public Trustee		1,263,835	851,356
Surplus Common Account Interest paid to the Public Trustee		4,533,608	4,660,775
Common Account reserves paid to the Public Trustee		5,000,000	5,000,000
Total expenses		57,928,934	44,128,981
INCOME			
Income on Investments		48,669,282	26,823,182
Doubtful Debts recovered		2,944	4,840
Total income		48,672,226	26,828,022
NET (LOSS)/PROFIT	24(i)(ii)	(9,256,708)	(17,300,959)
(DEFICIT)/SURPLUS FOR THE YEAR		(9,256,708)	(17,300,959)
OTHER COMPREHENSIVE INCOME			
Changes in reserves		5,000,000	5,000,000
Total other comprehensive income		5,000,000	5,000,000
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,256,708)	(12,300,959)

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

Notes to the Financial Statements

**24(b) PUBLIC TRUSTEE COMMON ACCOUNT
STATEMENT OF FINANCIAL POSITION
As at 30 June 2010**

	Note	2010	2009
		\$	\$
ASSETS			
Current Assets			
Cash at Bank	24(i)(i)	11,138,125	12,345,806
Cash Equivalents	24(i)(i)	1,144,043,309	300,000,000
Mortgage Loans	2(b), 24(f)(i)	1,000,000	1,275,000
Debtors		56,521	328,177
Accrued Income		4,551,414	1,654,681
Total Current Assets		1,160,789,369	315,603,664
Non-Current Assets			
Property – Buildings	2(b), 24(f)(ii)	65,000,000	69,000,000
Mortgage Loans	2(b), 24(f)(i)	-	1,000,000
Total Non-Current Assets		65,000,000	70,000,000
TOTAL ASSETS		1,225,789,369	385,603,664
LIABILITIES			
Current Liabilities			
Fees & Accrued Taxation		23,219	91,770
Creditors		19,501	31,318
Stamp Duty Recouped		40	40
Public Trustee Funds	12(a)	27,512,687	17,153,010
Accrued Interest due to Estates and Trusts		14,080,946	3,682,657
Total Current Liabilities		41,636,393	20,958,795
Non-Current Liabilities			
Estates & Trusts under Administration	2(c), 24(g)	1,162,449,593	333,684,778
TOTAL LIABILITIES		1,204,085,986	354,643,573
NET ASSETS		21,703,383	30,960,091
EQUITY			
Common Account Investment reserve	24(h)(i)	14,782,380	19,782,380
Retained earnings	24(h)(ii)	6,921,003	11,177,711
TOTAL EQUITY		21,703,383	30,960,091

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

Notes to the Financial Statements

**24(c) PUBLIC TRUSTEE COMMON ACCOUNT
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2010**

	Note	2010	2009
		\$	\$
Balance of equity at start of year		30,960,091	48,261,050
RESERVES			
Common Account Investment reserve			
Balance at start of year		19,782,380	24,782,380
Transfers from reserves		5,000,000	5,000,000
Transfers to reserves		-	-
Balance at end of year	24(h)(i)	<u>14,782,380</u>	<u>19,782,380</u>
RETAINED EARNINGS			
Balance at start of year		11,177,711	23,478,670
Total comprehensive income for the period		(4,256,708)	(12,300,959)
Balance at end of year	24(h)(ii)	<u>6,921,003</u>	<u>11,177,711</u>
Balance of equity at end of year		<u>21,703,383</u>	<u>30,960,091</u>

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

Notes to the Financial Statements

**24(d) PUBLIC TRUSTEE COMMON ACCOUNT
STATEMENT OF CASH FLOWS
For the year ended 30 June 2010**

	Note	2010	2009
		\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Income on investments		46,020,478	28,192,589
Doubtful debts recovered		2,944	4,840
Payments			
6% income fee paid to Public Trustee		(2,756,162)	(1,481,148)
Interest paid to Estates and Trusts		(37,382,405)	(17,692,517)
Interest paid to Public Trustee		(1,263,835)	(851,356)
Investment expenses		(2,733,272)	(2,137,385)
Net cash provided by operating activities	24(i)(ii)	<u>1,887,748</u>	<u>6,035,023</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturing mortgages		1,275,000	3,390,000
Payment for building purchase and improvements		(247,742)	(45,804,244)
Net cash provided by investing activities		<u>1,027,258</u>	<u>(42,414,244)</u>
CASH FLOWS FROM ESTATES, TRUSTS & PUBLIC TRUSTEE			
Surplus Common Account Interest paid to Public Trustee		(4,533,608)	(4,660,775)
Common Account Reserves paid to Public Trustee		(5,000,000)	(5,000,000)
Movement in Public Trustee's liability		10,359,677	8,609,014
Movement in Estates and Trusts		839,094,553	33,093,957
Net cash provided by estates, trusts & Public Trustee		<u>839,920,622</u>	<u>32,042,196</u>
Net (decrease)/increase in cash and cash equivalents		842,835,628	(4,337,025)
Cash and cash equivalents at the beginning of period		312,345,806	316,682,831
Cash and cash equivalents at the end of period	24(i)(i)	<u>1,155,181,434</u>	<u>312,345,806</u>

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

Notes to the Financial Statements

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 39A(7) of the *Public Trustee Act 1941*.

	2010	2009
	\$	\$
Interest paid to Estates and Trusts	37,382,405	17,692,517

24(f) Investments (Common Account)

	2010	2009
	\$	\$
(i) At Cost:		
Mortgage Loans – Current Assets	1,000,000	1,275,000
Mortgage Loans – Non-Current Assets	-	1,000,000
	1,000,000	2,275,000
(ii) At fair value:		
Land and Building	65,000,000	69,000,000
	65,000,000	69,000,000

The Public Trustee Common Account owns two investment properties, both comprising of land and office buildings. At 30 June 2010 Public Trustee is the principal occupier of the property at 565 Hay St and during 2010-11 will be relocating to the second property at 553 Hay St. The Public Trustee is holding the property at 553 Hay St for long-term rental yields. The properties are recorded at fair value. Market based evidence is available and the fair value of the land and buildings is determined on the basis of current market buying values determined by reference to recent market transactions.

Independent valuations of land and buildings are provided annually by the Western Australian Land Information Authority (Valuation services) and recognised annually to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period. Land and buildings were re-valued in June 2010, the valuation was performed on the basis of current market values of the freehold interest in the land and buildings, 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:

Property at 565 Hay Street

	2010	2009
	\$	\$
Carrying amount at beginning of year	28,000,000	35,500,000
Additions and capital improvements	4,500	2,895
Revaluation (decrement)/increment	(3,004,500)	(7,502,895)
Carrying amount at end of year	25,000,000	28,000,000

Property at 553 Hay Street

	2010	2009
	\$	\$
Carrying amount at beginning of year	41,000,000	-
Purchase at Cost	-	45,007,259
Additions and capital improvements	243,242	794,090
Revaluation decrement	(1,243,242)	(4,801,349)
Carrying amount at end of year	40,000,000	41,000,000

Notes to the Financial Statements

24(g) Estates and Trusts under Administration – Common Account

The fair value of estate and trust assets at the end of the reporting period, held in the Public Trustee Common Account.

	2010	2009
	\$	\$
Activity		
Deceased Estates	40,940,105	51,625,104
Direct Action	1,376,056	2,630,797
Entitled Trusts	91,483,740	131,911,446
Protected Management	86,519,229	82,456,192
Testamentary Trusts	30,447,665	28,210,726
Power of Attorney	10,854,701	11,676,708
Trusts	900,828,097	18,751,250
Safe-care	-	6,422,555
Total estates and trusts under administration	1,162,449,593	333,684,778

24(h) Equity**24(h)(i) Reserves**

Pursuant to section 6B of the Public Trustee Act 1941 and Regulation 6 of the Public Trustee Regulation 1942 of the regulations, the Current Agreement 2009/10 prescribes the circumstances in which money may be transferred to or from a reserve fund. The Current Agreement 2009/10 prescribes that funds held in the Common Account Investment Reserve may be applied to stabilise the Common Account interest paid to estates, meet losses on Common Account Investments, maintain Common Account Assets, and may be transferred to the Business Development Reserve.

	2010	2009
	\$	\$
Common Account Investment Reserve		
Opening balance	19,782,380	24,782,380
LESS Transfer from Reserves	(5,000,000)	(5,000,000)
ADD Transfer to Reserves	-	-
Closing balance	14,782,380	19,782,380

24(h)(ii) Retained earnings

	2010	2009
	\$	\$
Opening balance	11,177,711	23,478,670
Surplus/(Deficit)	(9,256,708)	(17,300,959)
Transfers from reserves	5,000,000	5,000,000
Transfer to reserves	-	-
Closing balance	6,921,003	11,177,711

24(i) Notes to the Statement of Cash Flows**24(i)(i) Reconciliation of cash**

For the purpose of the Statement of Cash Flows, cash and cash equivalent assets comprise cash on hand and short-term deposits with original maturities of 105 days 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 Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Notes to the Financial Statements

	2010	2009
	\$	\$
Cash	11,138,125	12,345,806
Cash Equivalents	1,144,043,309	300,000,000
Cash & Cash Equivalents	1,155,181,434	312,345,806

24(i)(ii) Reconciliation of surplus to net cash provided by operating activities.

	2010	2009
	\$	\$
Surplus/(Deficit)	(9,256,708)	(17,300,959)
<i>Non-cash items:</i>		
Payments to Public Trustee	9,533,608	9,660,775
(Increment)/Decrement from revaluation of investment	4,247,742	12,304,244
<i>Decrease /(Increase) in assets:</i>		
Debtor	271,656	(328,177)
Accrued income	(2,896,733)	1,677,910
<i>(Decrease)/Increase in liabilities:</i>		
Creditors	(11,817)	21,230
Net cash provided by operating activities	1,887,748	6,035,023

24(i)(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 Statement of Cash Flows.

24(j) Financial instruments**24(j)(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 s39A *Public Trustee Act* 1941.

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, the buildings are covered by insurance 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.

Notes to the Financial Statements

The Common Account's investments are authorised by section 39A(3), 39D and 40A of the *Public Trustee Act* 1941 and exposure to interest rate risk is limited to cash and cash equivalents and mortgages. At the end of the reporting period there are only three remaining mortgages with maturity dates between September and December 2010. There has been no change from the previous period in respect of exposure to credit risk.

24(j)(ii) Categories of financial instruments

The carrying amount of each of the following categories of financial assets and financial liabilities at the end of the reporting period are as follows:

	2010	2009
	\$	\$
Financial Assets		
Cash	11,138,125	12,345,806
Cash Equivalent	1,144,043,309	300,000,000
Receivables	56,521	328,177
Accrued Interest receivable	4,551,414	1,654,681
Investments – Mortgages	1,000,000	2,275,000
Financial Liabilities		
Payables	42,760	123,128
Public Trustee Funds	27,512,687	17,153,010
Accrued Interest due to Estates and Trusts	14,080,946	3,682,657
Estates & Trusts under Administration	1,162,449,593	333,684,778

24(j)(iii) Financial instrument disclosures**Credit risk, liquidity risk and interest rate risk exposures**

The State Government guarantees all financial assets of the Common Account and therefore no credit risk exists in respect of those amounts. The Common Account has no material exposure to liquidity risk.

The Common Account's maximum exposure to credit risk, at the end of the reporting period is the carrying amount of financial assets as shown below. 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.

Notes to the Financial Statements

Interest rate exposures and ageing analysis of financial assets

	Weighted average effective interest rate %	Carrying amount \$'000	Interest Rate Exposure			Past due but not impaired \$'000	Impaired financial assets \$'000
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000		
2010							
Financial Assets							
Cash at Bank	3.82	11,138	-	11,138	-	-	-
Cash Equivalent	5.08	250,000	-	250,000	-	-	-
Cash Equivalent	5.25	894,043	-	894,043	-	-	-
Receivables	-	57	-	-	57	-	-
Accrued Interest receivable	-	4,551	-	-	4,551	-	-
Investment mortgages	6.23	1,000	-	1,000	-	-	-
Total Financial Assets		1,160,789	-	1,156,181	4,608	-	-
2009							
Financial Assets							
Cash at Bank	4.89	12,345	-	12,345	-	-	-
Cash Equivalent	6.26	300,000	-	300,000	-	-	-
Receivables	-	328	-	-	328	-	-
Accrued Interest receivable		1,655	-	-	1,655	-	-
Investment mortgages	5.31	2,275	-	2,275	-	-	-
Total Financial Assets		316,603	-	314,620	1,983	-	-

Notes to the Financial Statements

The following table details the contractual maturity analysis for financial liabilities. The contractual maturity amounts are representative of the undiscounted amounts at the end of the reporting period. The table includes interest and principal cash flows.

Interest rate exposure and maturity analysis of financial liabilities

	Weighted average effective interest rate %	Interest Rate Exposure				Past due but not impaired \$'000	Impaired financial assets \$'000
		Carrying amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non- Interest Bearing \$'000		
2010							
Financial Liabilities							
Payables	-	43	-	-	43	-	-
Public Trustee Funds	5.90	27,513	-	27,513	-	-	-
Accrued Interest Estates & Trusts	-	14,081	-	-	14,081	-	-
Estates & Trusts:							
Estates	3.00	40,940	-	40,940	-	-	-
Trusts & Other	3.50	(41,129)	-	41,129	-	-	-
Trusts & Other	5.00	140,532	-	140,532	-	-	-
Trusts & Other	5.50	54,750	-	54,750	-	-	-
Trusts & Other	5.29	885,098	-	885,098	-	-	-
Total Financial Liabilities		1,204,086	-	1,189,962	14,124	-	-
2009							
Financial Liabilities							
Payables	-	123	-	-	123	-	-
Public Trustee Funds	6.43	17,153	-	17,153	-	-	-
Accrued Interest Estates & Trusts	-	3,683	-	-	3,683	-	-
Estates & Trusts:							
Estates	3.00	51,625	-	51,625	-	-	-
Trusts & Other	3.00	39,010	-	39,010	-	-	-
Trusts & Other	5.00	147,389	-	147,389	-	-	-
Trusts & Other	5.50	95,661	-	95,661	-	-	-
Total Financial Liabilities		354,644	-	350,838	3,806	-	-

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 end of the reporting period 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 the change in interest rates is held constant throughout the reporting period.

		-100 Basis Points (-1%)		+100 Basis Points (+1%)	
	Carrying amount \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2010					
Financial Assets	1,156,181	(11,562)	(11,562)	11,562	11,562
Financial Liabilities	1,189,961	11,900	11,900	(11,900)	(11,900)
2009					
Financial Assets	314,620	(3,146)	(3,146)	3,146	3,146
Financial Liabilities	350,838	3,508	3,508	(3,508)	(3,508)

Notes to the Financial Statements

Fair values

All financial assets and liabilities recognised in the statement of financial position, 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 the applicable notes.

24(k) Explanatory statement**Significant variances between actual and prior year actual**

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.

	2010	2009	Variance
	\$	\$	\$
Expenses			
Investment expenses	2,733,272	2,137,385	(595,887)
Interest paid to Estates and Trusts	37,382,405	17,692,517	(19,689,888)
Decrement on revaluation of investments	4,247,742	12,304,244	8,056,502
Public Trustee 6% Fee	2,756,162	1,481,148	(1,275,014)
Interest paid to Public Trustee	1,263,835	851,356	(412,479)
Income			
Income on Investments	48,669,282	26,823,182	21,846,100

Investment expenses

The investment expenses relate to the operational costs for the Common Account Properties. The Public Trustee owned 2 properties for the entire 2010 year resulting in an increase in costs from the previous year.

Interest paid to Estates and Trusts

The Public Trustee was appointed Trustee of an \$872million court trust in December 2009, this significantly increased the Common Account value and income distributed to clients.

Decrement from revaluation of investment

The decrement is due to a decrement in the revaluation of the Public Trustee Buildings in June 2010 (refer to notes 2(b)(i) and 24(f)(ii)).

Public Trustee 6% Fee

The Public Trustee was awarded an \$872million court trust in December 2009 significantly increasing the value of the Common Account, the award is fully invested in the Common Account and the PT draws a 6% fee on the income earned.

Interest paid to the Public Trustee

The Public Trustee had forecast to reduce the value of the Public Trustee Reserves during the year to fund the capital works programs. The relocation capital works program expenditure has been carried forward to the 2011 year and therefore the reserve values remained higher earning income.

Income on Investments

The Public Trustee was appointed Trustee of an \$872million court trust in December 2009, this significantly increased the Common Account value and income earned. The Public Trustee also owned 2 properties for the entire 2010 year resulting in an increase in income earned from the previous year.

25. Public Trustee Strategic Common Accounts

The following are the financial statements of the Public Trustee Strategic Common Accounts. Established pursuant to section 39B of the *Public Trustee Act* 1941. The Strategic Common accounts were established on 1 July 2009 and there is no comparative information for the Accounts as this is the first year of operation. Because the Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists.

Notes to the Financial Statements

**25(a) Estates and Trusts under administration
Strategic Common Accounts**

The fair value of estate and trust assets at the end of the reporting period held in the Public Trustee Strategic Common Accounts.

	2010
	\$
Activity	
Deceased Estates	-
Direct Action	-
Entitled Trusts	116,560,860
Protected Management	10,286,290
Testamentary Trusts	-
Power of Attorney	2,781,600
Trusts	1,548,278
Safe-care	2,767,973
Total estates and trusts under administration	<u>133,945,001</u>

Notes to the Financial Statements

25(b) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS
STATEMENTS OF CHANGES IN NET ASSETS
For the year ended 30 June 2010

	Cash 2010 \$'000	Conservative 2010 \$'000	Growth 2010 \$'000	Growth Plus 2010 \$'000	Total 2010 \$'000
Net Assets at the beginning of the reporting period	-	-	-	-	-
Applications	-	17,153	120,139	2,000	139,292
Redemptions	-	(68)	(3,543)	-	(3,611)
	-	17,085	116,596	2,000	135,681
Expenses					
Trustee's fees	-	62	445	8	515
Custody fees	-	21	142	4	167
Total expenses	-	83	587	12	682
Investment Income					
Interest income	-	-	1	-	1
Trust distributions	-	458	2,639	33	3,130
Net gains/(losses) on financial instruments held at fair value through profit or loss	-	(20)	(3,576)	(86)	(3,682)
Other income	-	42	263	5	310
Total net investment income/(loss)	-	480	(673)	(48)	(241)
Profit/(loss) before finance costs attributable to unit holders	-	397	(1,260)	(60)	(923)
Financing costs attributable to unit holders					
Distributions to unit holders	-	(425)	(2,391)	(27)	(2,843)
Increase/(decrease) in net assets attributable to unit holders	-	(28)	(3,651)	(87)	(3,766)
Net Assets at the end of the reporting period	-	17,057	112,945	1,913	131,915

Notes to the Financial Statements

25(c) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS
STATEMENTS OF NET ASSETS
For the year ended 30 June 2010

	Cash 2010 \$'000	Conservative 2010 \$'000	Growth 2010 \$'000	Growth Plus 2010 \$'000	Total 2010 \$'000
Assets					
Cash and Cash equivalents	-	6	34	3	43
Receivables	-	293	1,879	18	2,190
Financial assets held at fair value through profit or loss	-	17,049	112,849	1,907	131,805
Total assets	-	17,348	114,762	1,928	134,038
Liabilities					
Distributions payable	-	281	1,773	14	2,068
Payables	-	10	44	1	55
Total liabilities (excluding net assets attributable to unit holders)	-	291	1,817	15	2,123
Net assets attributable to unit holders - liability	-	17,057	112,945	1,913	131,915

Performance Indicators

Certification of Performance Indicators

For the year ended 30 June 2010

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 2010.



John Skinner

B Sc, Grad. Dip FP

Accountable Authority

6 September 2010

Detailed Information in Support of Performance Indicators

DEPARTMENT OF THE ATTORNEY GENERAL DESIRED OUTCOME:

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

SERVICE: Trustee Services

BUSINESS AREA OUTPUT: The Public Trustee 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 and conducts examinations of the accounts of administration orders as ordered by the State Administrative Tribunal.

PUBLIC TRUSTEE ROLE: Enhance the lives of Western Australians by providing high quality and accessible trustee and asset management services.

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. 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.

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.

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

Effectiveness Indicators

1.1 Extent to which trustee services meet the needs of clients

This indicator measures client satisfaction with the quality of trustee services provided. In 2010 Patterson Market Research were engaged to conduct a telephone survey, clients to be surveyed were identified through the Public Trustee's Client Database. The sample frame was defined as clients who:

- were aged over 18 and able to make meaningful comments;
- had an active account during the 2009/10 financial year; and
- had telephone and mail contact details available.

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

	2005	2006	2007	2008	2009	Actual 2010	Target 2010
Extent to which trust management services meet the needs of customers	76%	82%	72%	79%	74%	88%	80%

1.2 Number of estates relative to the number of adult deaths in Western Australia

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

The Public Trustee may administer estates regardless of whether appointed executor or not. Some estates may not require formal administration but still require work to be undertaken in order that assets may be 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.

1,564 estates were referred to the Public Trustee; this represents 12% of all estates of adults who died in 2010. 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%.

	2005	2006	2007	2008	2009	Actual 2010	Target 2010
Number of estates relative to the number of adult (18 years and over) deaths in Western Australia.	16%	14%	14%	13%	12%	12%	14%
Number of adult deaths in WA	10,929	11,606	11,718	12,343	12,552	12,572	NA
Number of deceased estates referred	1,716	1,629	1,631	1,644	1,562	1,564	NA

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

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

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

In 2010, the Public Trustee administered 1,334 estates that named the Public Trustee as executor. The Public Trustee's market share for this period was 11%.

	2005	2006	2007	2008	2009	Actual 2010	Target 2010
Extent to which Public Trustee maintains a market share in drawing wills naming the Public Trustee as executor	13%	12%	12%	11%	11%	11%	12%
Number of adult deaths in WA	10,929	11,606	11,718	12,343	12,552	12,572	NA
Number of estates in which the Public Trustee had prepared a Will.	1,460	1,418	1,411	1,404	1,366	1,334	NA

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. This indicator measures the time taken to administer estates reported within the previous 12 months and finalised within that period – this indicator was agreed to by the Trustee Corporations Association of Australia as a base indicator of efficiency.

Disclosures & legal compliance

It would be impractical to include all estates closed during the 12 month period as some of the estates may have been under administration for as long as 50 years, as in case of a life interest. 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 6.6 months, based on the date of final completion.

	2005	2006	2007	2008	2009	Actual 2010	Target 2010
Percent of estates finalised within 12 months of being reported							
Within 12 months	67%	67%	67%	64%	63%	60%	67%
Within 9 months	56%	56%	55%	50%	48%	45%	55%
Within 6 months	41%	39%	37%	31%	30%	29%	36%

Efficiency Indicator

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.

	2005	2006	2007	2008	2009	Actual 2010	Target 2010
Cost per trust managed	\$1,122	\$1,169	\$1,332	\$1,402	\$1,515	\$1,707	\$1,592
Number of trusts managed	4,846	4,649	4,721	4,790	5,093	5,190	4,900

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.

	2005	2006	2007	2008	2009	Actual 2010	Target 2010
Cost per deceased estate administered	\$1,803	\$1,731	\$1,764	\$1,814	\$2,090	\$2,168	\$1,984
Number of deceased estates administered	2,941	3,095	3,150	3,256	3,281	3,198	3,200

	2005	2006	2007	2008	2009	Actual 2010	Target 2010
Cost per Will prepared	\$285	\$299	\$275	\$301	\$356	\$426¹	\$320
Number of wills prepared	3,832	3,497	3,669	3,840	3,650	3,481	3,900

¹ The main reasons for the variance are a lower than anticipated number of Wills drawn due to increase complexity in the preparation of Wills, and higher costs associated with the development of the core computer system and court proceedings.

Common Account Indicators

Effectiveness Indicators

Of critical importance to potential customers is the rate of interest paid on their funds. Public Trustee clients expect a reasonable return on their funds, the effectiveness of the Public Trustee in achieving these objectives can be measured by a comparison of Public Trustee 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:

As at 30 June	Public Trustee Deceased Estates* %	Public Trustee Other Trusts* %	Public Trustee Investment Agencies* %	Bank Cash Management Accounts (\$10,000)** %	Bank Transaction accounts (\$5,000)** %	Cash Management Trust** %
2005	3.00, 3.25 & 3.50	4.80, 5.40 & 5.80	4.80, 5.40 & 5.80	2.55	0.00	4.25
2006	3.00, 3.25 & 3.50	4.80, 5.40 & 5.80	4.80, 5.40 & 5.80	2.55	0.00	4.90
2007	3.00, 3.25 & 3.50	6.15, 6.75 & 7.15	6.15, 6.75 & 7.15	5.10	0.00	5.45
2008	3.00, 3.25 & 3.50	6.85, 7.35 & 7.85	6.85, 7.35 & 7.85	6.05	0.00	6.35
2009	3.00	3.50, 5.00 & 5.50	3.50, 5.00 & 5.50	1.90	0.00	2.80
2010	3.00	3.50, 5.00, 5.50 & 5.29	3.50, 5.00 & 5.50	3.45	0.00	-

(*Rates effective as at 30 June)

(**As published on the Reserve Bank of Australia Website)

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:

	2005 %	2006 %	2007 %	2008 %	2009 %	2010 %
Treasury Earning Rate	5.44	5.59	6.13	7.03	5.59	4.18
CMT Benchmark Rate	5.41	5.64	6.22	6.86	4.85	3.76
Public Trustee Common Account	5.91	5.91	6.53	7.26	6.43	5.90

In the twelve months to 30 June 2010, the Public Trustee Common Account (excluding the funds of a significant court award) achieved a net return of 5.90% on the investment of the funds comprising the Common Account. Average funds under management for the year to 30

June totalled \$353 million with an additional average of \$513million held in trusts for a specific court award.

Efficiency Indicators

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 2010 the total average value of the Common Account for the year was \$867million, with a further \$134million invested in the financial market in the Strategic Common Accounts and \$29million in managed funds on behalf of individual clients.

The cost of managing these funds in 2010 was \$454,832* or 0.04% of the mean value of the total funds under management. Comparatives to previous financial years are as follows:

	2005	2006	2007	2008	2009	2010
Cost of managing funds*	\$398,414	\$416,701	\$556,493	\$405,409	\$428,601	\$454,832
Percentage of funds under management.	0.10%	0.10%	0.11%	0.08%	0.09%	0.04%

(* 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 the Annual Agreement.

Fees and charges are reviewed annually in December and proposed changes for the coming financial year are contained in the [Annual Agreement](#) between the Public Trustee and the Attorney General to be signed in June of each year.

The Public Trustee can waive fees (either in whole or part) that were incurred under the scales of fees that have operated since 1 July 2008. Any fees incurred under earlier scales require the consent of the Attorney General to be waived.

Capital Projects

	Estimated Year of Completion	Expenditure To Date (\$'000)	Estimated Cost To Complete (\$'000)	Estimated Total Cost (\$'000)
MATE upgrade	2011	2,762	342	3,104
Legislation implementation	2011	921	12	933
Automated Wills Project	2011	91	189	280
Building relocation	2012	92	6,268	6,360

Employment and Industrial Relations

Staff Profile

The current full time equivalent (FTE) level in the Public Trustee is 150.26, compared with 140.6 in 2008/09 and represents an increase of 6.8%. The Public Trustee had four Aboriginal/Torres Strait Islander employees as at 30 June 2010.

	2007/08	2008/09	2009/10
Full-time permanent	135.5	123	124
Full-time contract	6	9	19
Part-time measured on an FTE basis	6.5	7.6	6.26
On secondment	0	1	1
Staff FTE	148	140.6	150.26

Disclosures & legal compliance

Staff Profile by Gender

	2007/08	2008/09	2009/10
Male/Female	Male/Female	Male/Female	Male/Female
Professional	3/ 7.6	2/ 8.6	1.8/ 9.8
Clerical	69/ 68.4	68/ 62	70/ 68.66
Total	72/ 76	70/ 70.6	71.8/ 78.46

Workforce Profile

	2007/08	2008/09	2009/10
Business Development	1	6	8
Business Services	17.2	17.8	17
Executive/Administration	5.6	5	4
Corporate Support	13	13	12
Legal	11	11	12.2
Trustee Services	100.2	87.8	97.06
Total	148	140.6	150.26

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.

PPC Worldwide has continued to provide a high quality, responsive counselling service that saw seven employees access the service, for an average of 2.09 sessions.

Wellness program

A pilot Wellness Program was introduced in July 2009. The committee-run program was a resounding success and included:

- Healthy Heart Checks (HHCs) – 108 completed (64 full HHCs and 44 mini HHCs) and 345 follow-up blood pressure readings
- Belly Blasters – 34 participants
- Global Corporate Challenge – Walk Around the World – 35 participants
- Weekly exercise class – 237 attendances in six months
- Weekly 15 minute health consults – 623 individual consultations in six months including 38 fitness programs
- Lunchtime Corporate Sports – 35 participants
- Talks on various topics including managing stress, depression, nutrition, exercise, reading food labels, weight loss, breast cancer - seven presentations with 119 attendees.

Disclosures & legal compliance

The program also included fortnightly fruit, monthly massages, group walks and participation in community and charity events such as Movember, BRW Corporate Triathlon, and Bike to Work which helped boost morale considerably. Aside from good participation rates and reports of general health, wellbeing and morale improvements, the program helped at least 13 staff identify and address serious underlying conditions through doctor referrals and breast cancer screening.

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.

Industrial action

No industrial action was taken by Public Trustee employees.

Staff Development

The Public Trustee has a commitment to the development of its employees. Our strategies are to build a highly skilled, professional and fair workforce with the ability to adapt to changing business technology and the environment.

Employees received training in excess of 7045.5 hours (939.4 days) of in-house (5,872.5 hours) and external (1,173 hours) training.

training	2009	2010
External	1,583	1,173
Internal	4,222	5,872.5
Total	5,805	7,045.5

As the result of our commitment to staff training and development, we have improved the capacity of staff to perform their work and significantly improved their ability to deal with clients and workloads through skill based training programs.

Workers Compensation

Three compensation claims of a severe nature (more than 60 days absence from work) were recorded. This compares with one compensation claim of a minor nature recorded during 2008/09.

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Public Trustee and Senior Officers.

Summary of current annual agreement

The Public Trustee's Scale of Fees pursuant to section 38A(1) of the Act was gazetted on 25 June 2009 in the Western Australian Government Gazette #118.

In compliance with s. 6B of the [Public Trustee Act 1941](#), the following is a summary of the 2009/10 agreement between the Attorney General and the Public Trustee covering the period 1 July 2009 to 30 June 2010.

Consolidated Account

If the total fees collected by the Public Trustee:

- do not exceed \$10,884,000, then all of those fees shall be paid to the Consolidated Account;
- exceed \$10,884,000, then a minimum of \$10,884,000 shall be paid to the Consolidated Account.

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.

Reserve Funds

No new reserve funds will be established pursuant to Section 44A of the Act.

Indemnity Reserve

The Public Trustee may credit to the Indemnity Reserve from its account entitled "Retained Earnings", any or all of the retained earnings, and 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.

Business Development Reserve

The Public Trustee may credit to the Business Development Reserve from its account entitled "Retained Earnings", any or all of the retained earnings for the period, and will credit, to the Business Development Reserve, \$5,000,000 from the Common Account Investment Reserve.

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;
- pay the costs of implementing the Public Trustee's new business services;
- meet shortfalls in the Public Trustee's estimated retained revenue as appropriated via the Department of the Attorney General's net appropriation determination;
- self-fund any shortfall in the Public Trustee's budgeted recurrent expenditure;
- pay the costs of establishing and maintaining an automated wills drawing application;
- pay the costs of the Public Trustee relocating from 565 Hay Street, Perth to 553 Hay Street, Perth and refitting office accommodation at 553 Hay St that is to be used by the Public Trustee; and

- to pay other costs occasioned by the coming into operation of Public Trustee and Trustee Companies Legislation Amendment Act 2008.

Common Account Investment Reserve

The Public Trustee may credit to the Common Account Investment Reserve any or all of its Common Account Retained Earnings and apply moneys in the Common Account Investment Reserve to:

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

Transfers Between Reserves

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 (in addition to the \$5,000,000 referred to above).

Strategic Common Accounts

The Public Trustee shall establish and/or operate the following strategic common accounts pursuant to Section 39B of the Act:

- Cash strategic investment account (known as Public Trustee Investment Fund Cash);
- Conservative strategic investment account (known as Public Trustee Investment Fund Conservative);
- Growth strategic investment account (known as Public Trustee Investment Fund Growth); and
- Growth Plus strategic investment account (known as Public Trustee Investment Fund Growth Plus)

Rates Of Interest

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.

Other Legal Requirements

Estimates 2011 - Statement of Comprehensive Income
For the year ended 30 June 2011

	ESTIMATES 2011 \$	ACTUAL 2010 \$
COST OF SERVICES		
EXPENSES		
Write offs	20,000	307,149
Employee benefits expense	12,314,211	11,877,206
Computer services	351,833	336,465
Administration expenses	2,044,088	3,146,806
Accommodation expenses	3,511,340	1,005,599
Corporate service expenses	1,856,551	1,693,481
Total expenses before payments to Consolidated Account	20,098,023	18,366,706
Fees paid to Consolidated Account	12,567,000	11,410,538
Surplus Common Account Interest paid to Consolidated Account	870,000	1,220,000
Other Revenue and Reserves paid to Consolidated Account	8,847,000	1,435,542
Total cost of services	42,382,023	32,432,786
INCOME		
Fees raised from Estates and Trusts	11,313,478	9,917,413
Public Trustee 6% fee from Common Account	3,913,007	2,756,162
Management Fee from Strategic Common Account	750,000	472,102
Receipts from Common Account Surplus Interest	2,500,000	4,533,608
Receipts from Common Account Reserves	-	5,000,000
Interest revenue	605,000	1,263,835
Other Revenue	18,000	19,163
Total income other than income from State Government	19,099,485	23,962,283
Net Cost of Service before Income from State Government	(23,282,538)	(8,470,503)
INCOME FROM STATE GOVERNMENT		
Royalties for Regions Fund	-	20,130
Recoups and other revenue from the Department of the Attorney General	155,000	10,470
Corporate revenue allocation from the Department of the Attorney General	699,263	324,337
Resources received free of charge from the Department of the Attorney General	19,223,760	17,704,620
Total income from State Government	20,078,023	18,059,557
SURPLUS/(DEFICIT) FOR THE PERIOD	(3,204,515)	9,589,054
OTHER COMPREHENSIVE INCOME		
Changes in Public Trustee reserves	3,807,515	(8,545,081)
Total other comprehensive income	3,807,515	(8,545,081)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	603,000	1,043,973

Disclosures & legal compliance

Estimates 2011 - Statement of Financial Position

As at 30 June 2011

	ESTIMATES 2011 \$	ACTUAL 2010 \$
ASSETS		
Current Assets		
Cash – Investment in Common Account	22,600,865	27,512,687
Debtors	-	28,503
Total Current Assets	22,600,865	27,541,190
TOTAL ASSETS	22,600,865	27,541,190
LIABILITIES		
Current Liabilities		
Accrued Fees Payable to Consolidated Account	-	476,036
Tax liabilities	200,000	347,583
Creditors	-	278,696
Total Current Liabilities	200,000	1,102,315
TOTAL LIABILITIES	200,000	1,102,315
NET ASSETS	22,400,865	26,438,875
EQUITY		
Indemnity reserve	3,899,840	8,562,423
Business Development reserve	16,155,154	16,072,990
Retained Earnings	2,345,871	1,803,462
TOTAL EQUITY	22,400,865	26,438,875

Advertising

In compliance with s175ZE of the [Electoral Act 1907](#), the Public Trustee reports the following expenditure in advertising, market research, polling, direct mail, and media advertising:

- Total expenditure was \$248,090
- Expenditure was incurred in the following areas:

Advertising agencies	\$19,726	Metro Graphics Group	\$4,850
		Orange Design	\$14,876
Market research organisations	\$30,410	Patterson Market Research	\$15,410
		Painted Dog Research	\$15,000
Polling organisations	0		
Direct mail organisations	\$7,258	Lasermail P/L	\$7,258
Media advertising agencies	\$190,696	Market Force	\$22,123
		Adcorp Australia	\$51,198
		Media Decisions	\$96,475
		DPS Guide to Aged Care Publishing	\$2,490
		Sensis - Yellow Pages	\$4,738
		White Pages	\$11,060
		Government Gazette (Fees)	\$1,424
		On Line Digital Marketing	\$1,188

Disability Access and Inclusion Plan Outcomes

In compliance with s29 of the [Disability Services Act 1993](#) the Public Trustee recognises its responsibilities under the Department of Attorney General's Disability Access and Inclusion Plan 2007/10 by ensuring that clients with physical, intellectual, sensory or cognitive disabilities, their families and carers are provided with professional and appropriate services.

The following outcomes were implemented or continued during 2009/10:

Outcome 1:

People with disabilities have the same opportunities as other people to access the services of, and any events organised by the Public Trustee.

The Public Trustee operates a Wills on Wheels service which enables severely disabled or infirm clients to have a Will prepared in their own home, nursing home or hospital. A total of 345 clients living within a 50km radius of the central business district were visited by Wills Officers. Trust Managers meet their clients at home or other appropriate locations and all events organised by the Public Trustee were accessible to people with disabilities.

Outcome 2:

People with disabilities have the same opportunities as other people to access the buildings and other facilities.

Both the current Public Trustee building at 565 Hay St and design briefs for the Public Trustee's new accommodation at 553 Hay St comply with access requirements and satisfy legislative and policy responsibilities.

All external events organised by the Public Trustee used audioloop in their presentations.

Outcome 3:

People with disabilities receive information in a format that will enable them to access the information as readily as other people are able to access it.

The Public Trustee continues to use Auslan interpreters. All brochures and publications include large fonts and alternative versions including audio tape, CD, large print and Braille are available. The Public Trustee's website includes large print viewing.

Outcome 4:

People with disabilities receive the same level and quality of service from the staff as other people receive.

Most of the Public Trustee's Trust Management clients are disabled in some way, whether aged, infirm, or suffering from mental illness or degenerative cognitive skills. Training is provided by a Rehabilitation and Case Management professional to all staff to better equip them to understand clients who are disabled and their needs.

Outcome 5:

People with disabilities have the same opportunities as other people to make complaints.

The Public Trustee uses the Department of the Attorney General's Customer Feedback Management System, which accepts input through a variety of communications means.

Outcome 6:

People with disabilities have the same opportunities as other people to participate in any public consultation.

The Public Trustee introduced a regular program of stakeholder visits, where 16 visits were made to key stakeholder organisations including disability support organisations, and several stakeholders included disabled clients were invited to visit the Public Trustee to take part in stakeholder focus groups.

Compliance with *Public Sector Management Act 1994* Section 31(1)

1. In the administration of the Public Trustee, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1 is correct.
3. The applications made for breach of standards review and the corresponding outcomes for the reporting period are:
Number lodged: nil
Number of breaches found: nil
Number still under review: nil



John Skinner

PUBLIC TRUSTEE

Accountable Authority

3 September 2010

Recruitment, Selection & Appointment Standard

17 permanent and fixed-term vacancies of more than six months were advertised from across all business areas, including four appointment pools, which were covered by the Recruitment, Selection and Appointment Standard, and attracted a total of 253 applicants.

The Public Trustee's approach of conducting information sessions about the nature of the work for 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.

	2007/08	2008/09	2009/10
Advertised vacancies	21	19	17
Appointment Pools	3/168	3/ 452	4/253

Summary of Breach of Standards Claims

There were no Breach of Standards Claim lodged against the Public Trustee.

Compliance with Public Sector Code of Ethics

The Western Australian Public Sector code of ethics is readily accessible to all Public Trustee employees through various mediums including, but not limited to, the intranet, notice boards and references in relevant policies and procedures. Five senior staff attended the Department of the Attorney General's Accountable and Ethical Decision Making in the WA Public Sector training workshop. No reports of non-compliance with the Code of Ethics were received.

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 Public Trustee 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.

All employees attended WorkSafe WA's refresher workshop on Bullying and Conflict Management to reinforce the need to create a workplace that fosters mutual respect and is intolerant of any form of harassment that creates a risk to health and safety. No reports of non-compliance with the Code of Conduct were received.

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 Public Trustee Recordkeeping 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 a business unit of the Department of the Attorney General (DotAG) and uses their recordkeeping system for administrative records.

The Public Trustee has complied with the State Records Commission's compliance requirements:

- Requirement 1 – The efficiency and effectiveness of Public Trustee's recordkeeping was evaluated in 2007/08 and will be reviewed again within five years.
- Requirement 2 – More than 95 per cent of Public Trustee employees completed an online recordkeeping training and awareness program during 2007/08 and new employees undertake the program as part of their induction training.
- Requirement 3 – DotAG uses feedback from employees who have completed the online program to periodically review the efficiency and effectiveness of the recordkeeping training program.
- Requirement 4 – 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 web-based Knowledgebase.

Government Policy Requirements

Substantive Equality

A total of 25 Public Trustee managers attended a half-day workshop on Substantive Equality, which was conducted by the Equal Opportunity Commission. This course provided managers with a greater level of understanding of how our policies, processes and marketing strategies can impact on indigenous and ethnic minority groups.

The review process of all Public Trustee policy and procedures now includes specific attention to ensure that existing policies and procedures promote sensitivity to the different needs of client groups and eliminate systemic racial discrimination.

The Public Trustee also commissioned research to assist it to improve cultural awareness within the organisation, and enable it to better serve culturally and linguistically diverse (CALD) communities in Western Australia. To address this strategic aim, the research process involved secondary research and qualitative, in-depth interviews with key community spokespeople to identify the specific issues, sensitivities, customs and traditions that staff need to be aware of when dealing with matters of Wills, estates, financial administration and funerals amongst people from diverse cultural backgrounds. The findings, including further exploration of the indigenous issues raised, will be acted upon in the 2010/11 year.

Occupational Health and Safety, and Injury Management

The Public Trustee is committed to occupational health and safety (OHS), and injury management and has an Occupational Health and Safety Committee comprised of trained staff from all floors which meets quarterly (or more often if required) to ensure compliance, and help formulate policies, procedures and training.

Committee representatives conduct monthly safety audits and report on and resolve issues where safety and health of employees may be at risk. Committee activities included:

- Seeking an independent assessment of current workstations, storage cabinets and work practises within the Public Trustee in preparation for relocation of the office;
- Providing immediate response to the Influenza A (H1N1) outbreak through distribution of information and cleaning products;
- Continuation of the employer-funded vaccination program; and
- A process of consultation between Management and the OHS Committee on the review of the new accommodation plans.

The Public Trustee complies with the injury management requirements of the [Workers Compensation and Injury Management Act 1981](#).

	2007/08	2008/09	2009/10
Number of fatalities	0	0	0
Lost time injury/disease (LTI/D) incidence rate	1	1	0.38
Lost time injury severity rate	1	1	57% ¹
Percentage of injured workers returned to work within 28 weeks	-	100%	78% ²
Percentage of managers trained in OHS and injury management	-	< 50%	<50%

¹ The variance in lost time injury severity rate is due to a significant reduction in overall claims due to the implementation of an early intervention program addressing injured workers needs prior to the determination of their claims.

² The variance in percentage of injured workers returned to work within 28 weeks is due to medical complications in a small number of workers compensation claims.

Case studies

#1 Forensic Accountant - Approximately 80% of the cases referred to the Public Trustee's Forensic Accountant involve removal of money from bank accounts belonging to clients. One case recently investigated showed \$50,000 had been withdrawn from Mr EP's bank account in a nine-month period.

It appears that Junior accompanied Mr EP to the bank and established an authority to allow him to access his father's bank account. Mr EP who was in his late 70s, knew his memory was failing and obviously trusted Junior. Shortly after the bank authority was put in place, Mr EP was placed in permanent low-level care in an aged care facility.

About nine months later the aged care facility applied to the State Administrative Tribunal (SAT) for an administrator for Mr EP because the accommodation bond had not been paid and outstanding fees had reached in excess of \$10K, despite many requests for payment to Junior. The Public Trustee was appointed and also directed to investigate Mr EP's bank account after SAT were advised of non-payment of accounts but had been assured by Mr EP that he had plenty of money.

As it turned out Mr EP had more than \$250K in the bank but the balance was dwindling fast. Activity on the bank account was frozen by the Public Trustee as soon as it was appointed.

The Public Trustee's authority is recognised by all banks and other businesses and organisations. While production of some documents, transactions and records may take some time, they are provided to the Public Trustee as they provide crucial information in investigation/recovery actions.

Investigation showed that while Mr EP was confined to an aged care facility, his card had been used at the casino on most weekends, late at night and in the early hours of the morning, and at numerous liquor outlets, hotels and service stations all over the city. Clearly none of the transactions were of any benefit to Mr EP in the aged care facility.

The challenge for the Public Trustee is recovery of the money – sometimes (as in this case) referral to the Police is necessary. In other cases where the amount stolen has been less than \$5,000, full restitution is made or an agreed repayment process commenced.

With these bank account cases there is a 'moment of truth', which happens when the Forensic Accountant place either the bank statements or a photocopy of the withdrawal forms in front of the family member who has taken the money - they obviously don't think they will ever be caught out.

#2 Death Bed Wills - Mr W was in the palliative care unit of a Perth hospital and was very distressed that he didn't have a Will and didn't want to die without one. A hospital staff member rang the Public Trustee's Client Service Centre on a Friday morning, and asked if someone could visit him that day as they didn't know how much longer he would live.

A Senior Wills Officer visited Mr W just before lunchtime and received Mr W's Will instructions. Mr W was calm but also very concerned that he didn't have a Will. The Senior Wills Officer spoke to Mr W's nurse about his prognosis and was told that it was terminal and he could probably live for another two weeks.

However, the Senior Wills Officer was concerned for the client, so he came back to the office and immediately drew up the Will, had it authorised by a solicitor and travelled back to the hospital - all of which took place within a few hours.

The Senior Wills Officer saw Mr W at his bedside and went through the Will. Mr W was very grateful to see the Senior Wills Officer and the Will was signed and witnessed. All this activity took place on the same day – a Friday.

The following Monday, the Client Service Centre received a phone call advising that Mr W had died over the weekend. The Senior Wills Officer's commitment to service meant Mr W died knowing his final wishes – to leave a bequest to his favourite charity – would be carried out.

#3 Plenary Administration - The Public Trustee was appointed plenary administrator of an elderly couple, Mr and Mrs PM, by the State Administrative Tribunal (SAT).

Prior to our appointment, Mr and Mrs PM had transferred the interest in their million dollar beachside property to a family member (Ms GD) and were now living in an aged care facility.

Upon appointment the Public Trustee began reviewing the transfer. Ms GD had made the application to SAT to have her grandparents declared incapable and then organised for the property to be transferred out of their name and into hers – which can be considered “unconscionable conduct”. By making application to SAT to have Mr and Mrs PM declared incapable, Ms GD must have had a reasonable doubt that they were incapable of effecting a transfer.

Since the property was transferred without consideration (ie for no money), Centrelink had determined that the transfer constituted a gift and cancelled the aged pension for both of them for a period of five years. Unfortunately Ms GD was also a signatory on the joint account of Mr and Mrs PM so when the Public Trustee was appointed there was no money and no pension entitlement to fund their ongoing care.

The Public Trustee contacted Ms GD and advised of the consequence of the transfer and requested that the property be returned to her grandparents to allow them to again receive an aged pension. Ms GD refused so the Public Trustee applied to SAT to have the property transferral reversed on the grounds that Ms GD had not acted in good faith in her dealings with her grandparents about the transfer.

SAT’s mediation attempts to come to an agreement failed after several attempts. Ms GD refused to return the property and hired solicitors to represent her in this regard. The Public Trustee then loaned money to Mr and Mrs GD to hire their own barristers to represent them and provided two in-house solicitors for their use without charge. The Public Trustee also provided a comprehensive report to SAT that outlined the implications of the transfer on the pension and nursing home charges. Two Senior Trust Managers attended the hearing to provide evidence and explain the report.

SAT in a reserved decision had the transaction set aside, that is, the entitlement to the property was restored to Mr and Mrs PM. The Trust Managers then made immediate application to Centrelink and the Department of Health and Ageing (DHA). Centrelink agreed to restore their pensions and backdated them fully. DHA re-assessed the aged care facility fees applicable and charges payable, and reduced them both to the appropriate amount.

#4 Certificate of Loss and Inheritance Act - The Public Trustee was appointed plenary administrator of Mr B who has an acquired brain injury. He receives disability support benefits and lives in a care facility.

His mother Mrs A died and, under her Will, left everything to her four children in equal shares. There was also a large amount of unaccounted expenditure during Mrs A’s administration of her son’s affairs - his money was used in the construction of her home (which formed part of Mrs A’s estate) and to make loans to siblings.

The Public Trustee’s Private Administrators Support team issued a Certificate of Loss of about \$88,000 which was recovered and paid to Mr B’s estate.

The Public Trustee’s solicitors also commenced proceedings under the *Inheritance (Family and Dependents Provision) Act 1972* on the basis that Mrs A’s Will did not adequately provide for him. Mr B’s current income did not cover his living expenses and his Trust Manager was using dwindling cash reserves to fund these expenses.

Rather than go to the expense of a court trial, the Public Trustee sought mediation to reach a settlement with Mr B’s siblings. As a result, a mediated settlement meant that the Public Trustee was able to obtain an extra \$167,000 from Mrs A’s estate for the benefit of its client Mr B.

The Public Trustee welcomes feedback and comments on its 2009/10 Annual Report which will assist us to improve the contents of future reports. For your convenience this form may be completed online and emailed by pressing the Submit Button below.

1. **The report is of particular interest to you.**
☐ Strongly agree ☐ Agree ☐ Disagree ☐ Strongly disagree
2. **The format of the report enabled easy access to matters of interest.**
☐ Strongly agree ☐ Agree ☐ Disagree ☐ Strongly disagree
3. **The report effectively details the work and results of the Public Trustee.**
☐ Strongly agree ☐ Agree ☐ Disagree ☐ Strongly disagree
4. **The report is easy to understand.**
☐ Strongly agree ☐ Agree ☐ Disagree ☐ Strongly disagree
5. **Overall, how would you rate the 2009/10 Annual Report?**
☐ Excellent ☐ Good ☐ Average ☐ Poor
6. **In what ways could the Annual Report be improved?**

7. **Do you have any additional comments you wish to make?**

Please identify the group you belong to:

- | | | | |
|-----------------------------------|---------------------------------------|---|---------------------------------|
| <input type="checkbox"/> Employee | <input type="checkbox"/> Legal | <input type="checkbox"/> Government | <input type="checkbox"/> Client |
| <input type="checkbox"/> Employer | <input type="checkbox"/> Professional | <input type="checkbox"/> Service Provider | <input type="checkbox"/> Other |

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