

Public Trustee Report to Parliament

For the year ended 30 June 2012

Statement of Compliance

Honourable Michael Mischin LLB (Hons) BJuris (Hons) MLC
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 2012.

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



Brian Roche BBus MMgt

PUBLIC TRUSTEE

Accountable Authority

20 September 2012

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OVERVIEW OF THE AGENCY

Public Trustee's Executive Summary

I am pleased to provide this report on the progress and achievements of the Public Trustee.

Our Year in Review

After many years of planned strategic initiatives, the Public Trustee achieved self-funding for the first time. The achievement of this milestone is important to ensure the long-term financial sustainability of this statutory authority.

An imperative in coming years will be to charge fees that accurately reflect the true cost of our services to maintain self-funding. A strong financial position is important for many reasons including allowing the office to continue to provide services free of charge to many of our disadvantaged clients. It is critical to ensure members of the community have equitable access to trustee services regardless of their ability to pay.

The increased demand for Trust Management services continued during the year. There were a record number of Trust Management clients with 774 new appointments. Despite the increases in workload our staff continue to provide outstanding service to our clients. Demand for trust services will continue to increase each year in line with the ageing population and an increasing prevalence of mental illness and substance abuse.

During the past year the new automated Wills drafting software system (Chameleon) was fully implemented and integrated with the Public Trustee's main computer operating system. A major realignment of the WA Wills service has resulted in significant improvements in the nature and quality of Wills drafted.

The new arrangements have significantly improved timeliness in service and reduced Will drafting turnaround times. The majority of clients now receive a signed Will at the end of their first appointment and waiting times have been significantly reduced as a result of these new arrangements.

It is critical we continue to promote the benefits of planning for the future to the community. The office undertook a large number of activities to improve the community's understanding of our services. Activities included conducting information sessions to community groups, professional service providers and other Government agencies. Wills Week, Seniors Week and Law Week were all very well attended. These events allowed us to promote the importance of people making and updating a valid Will.

The past year has witnessed great uncertainty in global financial markets. Despite this uncertainty the Public Trustee Common Account continues to provide returns to our clients exceeding those of comparable benchmarks.

During 2011/12 the Public Trustee progressed towards finalisation of the sale of the Public Trustee Building at 565 Hay Street, an asset of the Public Trustee Common Account. The sale in July 2012 has enabled the

commencement of the major redevelopment project for the Cathedral and Treasury Precinct.

During 2011/12 the capital works program to refurbish our new premises at 553 Hay Street was completed. Staff and customer services facilities were relocated in two stages, with no disruption to service.

Staff have settled into the much-improved office environment which includes superior disability access, better designed floors plans and workstations, energy efficient lighting and a custom-built ground floor 'shopfront' for our Wills, Estate and Trust Management clients.

The cultural change program of previous years was discontinued in favour of a greater focus on customer service. During the year all staff participated in a series of Service Excellence Workshops that focused on improving our client services through a 'one team' approach.

The Year Ahead

We will be looking to establish a Public Trustee Community Foundation. This public charitable foundation will provide people with the vehicle to create their own tax effective charitable funds. The foundation will provide a financially secure perpetual fund for those who wish to make a real difference to the lives of others.

This has been my first year as Public Trustee. It has been a privilege to work alongside professional staff dedicated to providing quality services to the community. I would like to express my appreciation to all staff for their hard work during the past year.

These achievements would not have been possible without the continued and considerable support provided by the Attorney General and his staff. I also would like to thank the Director General of the Department of the Attorney General for her guidance and support in my first year as Public Trustee.



Brian Roche
Public Trustee
12 September 2012

Operational Structure

Enabling Legislation

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

Responsible Minister

Honourable Michael Mischin LLB (Hons) BJuris (Hons) MLC Attorney General

Organisational Structure

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 and 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.

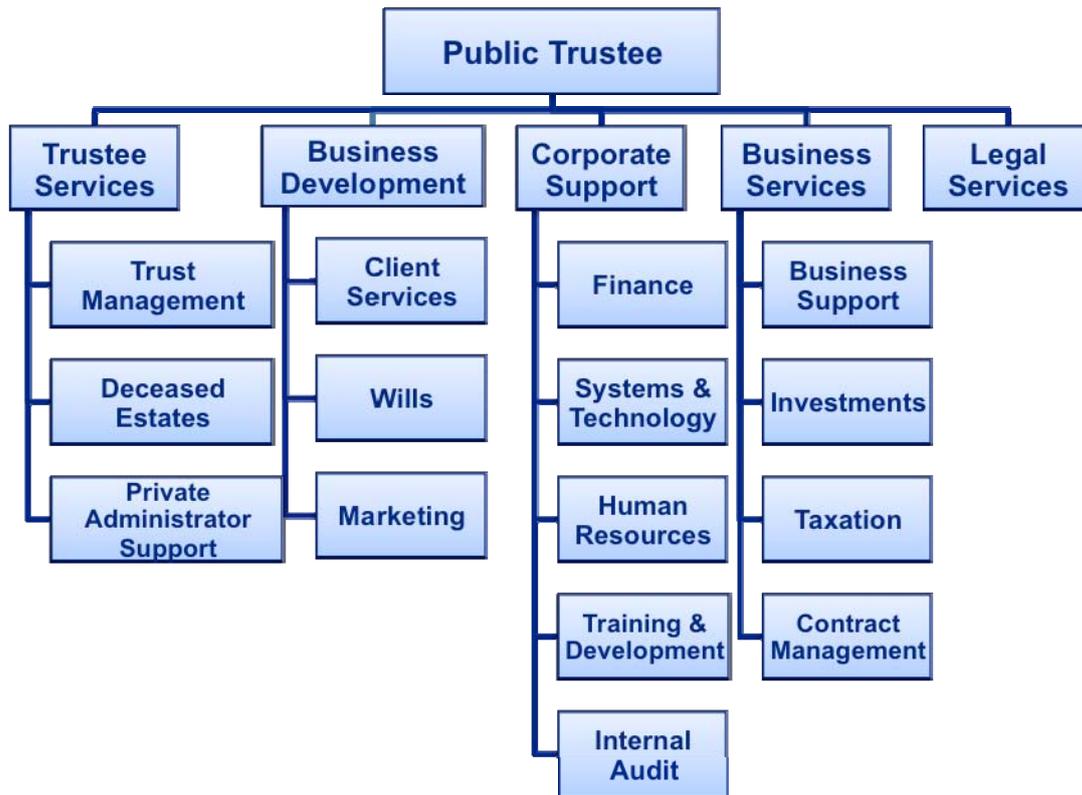
4. Collaboration and Learning

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



Corporate Executive Committee Profiles

Public Trustee, Brian Roche BBus, MMgt has 25 years senior management experience in Local and State Government as well as over ten years in the private sector. Prior to his appointment as Public Trustee he was a senior executive at the Department of Treasury. He is a Board member of the Art Gallery of Western Australia.

Director Trustee Services, Sean Conlin BBus, Grad Dip Acct, CA has 13 years public sector management experience, and 18 years financial services accounting and management experience in the private sector.

Principal Legal Officer, Michael Bowyer LLB has 20 years legal advisory experience in the public sector.

Director Corporate Support, Terry Hearn BBus, Assoc Dip Bus has 33 years financial and management accounting experience in both the public and private sectors, including 26 years in public sector management.

Director Business Development & Marketing, Etta Palumbo BPsych has 13 years professional services marketing experience and 14 years research, strategic planning and communications experience in the public and private sectors.

Director Business Services, Sarah Marmara BBus (Acct), CPA has nine years public sector management experience and 11 years management, financial services and accounting experience in the private sector.

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 Commonwealth Acts in conducting its business.

Key legislation

[Aboriginal Affairs Planning Authority Act 1972](#)

[Administration Act 1903](#)

[Auditor General Act 2006](#)

[Contaminated Sites Act 2003](#)

[Criminal Property Confiscation Act 2000](#)

[Disability Services Act 1993](#)

[Electoral Act 1907](#)

[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](#)

[Public Trustee and Trustee Companies Legislation Amendment Act 2008](#)

[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](#)

[Trustee Companies Act 1987](#)

[Trustees Act 1962](#)

[Unclaimed Money Act 1990](#)

[Wills Act 1970](#)

[Workers Compensation and Injury Management Act 1981](#)

Performance Management Framework

Although a statutory authority the Public Trustee is not a separate agency and does not have its own Outcomes Based Management Framework. The Public Trustee is part of and follows the overall Department of the Attorney General's Framework.

Outcome Based Management Framework Government goals

The work of the Public Trustee reflects four goals of the State Government:

- *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*: a greater focus on achieving results in key service delivery areas for the benefit of all Western Australians.
- *Stronger Focus on the Regions*: a 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 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. 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;
- Services are accessible to all Western Australians; and
- Recognition for excellence in customer service.

2. Developing Our People

- Staff who are fully trained, motivated and experts in their field;
- Mentoring and support for staff;
- Effective succession planning to prepare 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. Developing Our Business

- Continuous improvement of our best practice contemporary business model;
- Development of new services;
- Establishment and fostering of partnership arrangements;
- Increased profile and market share;
- Generation of income and reserves to become self-funding; and
- Meeting our Operational Subsidy (Community Service Obligation) to protect and support the vulnerable and disadvantaged in our society.

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; and

Overview of the Agency

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

Changes to Outcome Based Management Framework

There were no changes for this period.

Shared Responsibilities with Other Agencies

The Public Trustee did not share any responsibilities with other agencies.

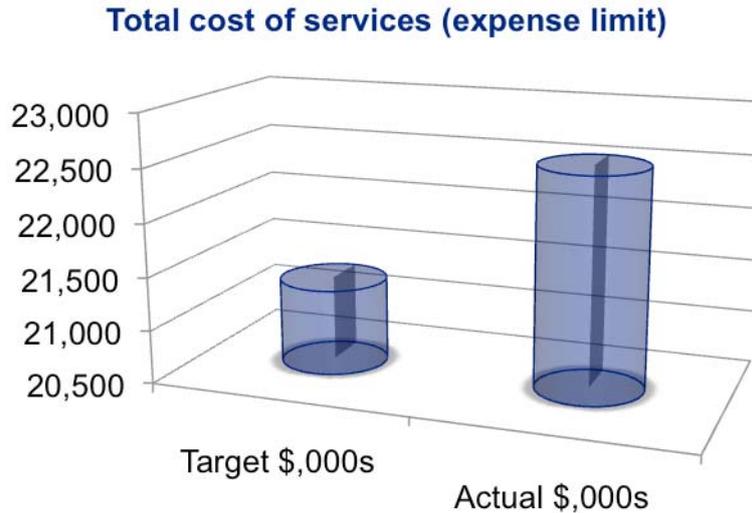
It does however work collaboratively with a wide range of Commonwealth and State Government agencies to ensure accessible, effective and timely delivery of trustee and legal services to its clients, namely elderly, disadvantaged or intellectually impaired Western Australians.

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)	21,304	22,560	1,256
Net cost of services	952	1,546 ¹	594
Approved full-time equivalent staff	160	153	(7)

Explanation of significant variations against financial targets

A detailed explanation of the significant variances between actual and target is presented at note 22(b) of the Notes to the Financial Statements on page 68.

¹ Figure represents consolidated revenue and expenditure via DotAG and does not include final payment made to Consolidated Revenue which resulted in net cost of services to Government being \$0 (self-funding achieved)

Summary of Performance Indicators

Detailed performance information relating to the services provided appears on page 91.

	Target	Actual	Variation
1.1 Extent to which trustee services meet the needs of clients	80%	85%	5%
1.2 Percentage of Western Australian deceased estates administered	8.5% ²	5.4%	(3.1%)
1.3 Extent to which the Public Trustee maintains a market share in drawing Wills naming the Public Trustee as executor	12%	12%	nil
1.4 Percentage of estates finalised within 12 months of being reported	67%	60 ³ %	(7%)
1.5 Percentage of clients who have services provided under a CSO	35%	42.8% ⁴	7.8%
1.6 Cost per trust managed	\$1,991	\$2,008	\$17
1.7.1 Cost per deceased estate administered	\$2,509	\$2,920 ⁵	\$411
1.7.2 Cost per Will prepared	\$498	\$715 ⁶	\$217

² Lower than target result largely due to Public Trustee increasing threshold to \$20,000 to allow beneficiaries to informally administer estates themselves.

³ Average time taken to complete an estate (if completed within 12 months) was 6.7 months.

⁴ Higher than target result due to increase in number of clients being referred from the State Administrative Tribunal – the majority of which have little income and no assets.

⁵ Higher than target due to decline in number of deceased estates administered and increase in expenditure, partly due to higher depreciation costs for leasehold improvements.

⁶ Higher than target result due to resources being used to implement the new Wills system, lowering the number of Wills appointments available.

Directorate Reports

Trustee Services

The focus for the Directorate during the past year has been to consolidate and build on changes introduced by the Public Trustee during the previous three years. These included major amendments to the legislation under which we operate, the introduction of new investment funds for clients and the complete restructuring of fees charged.

Achievements that have occurred during this year include:

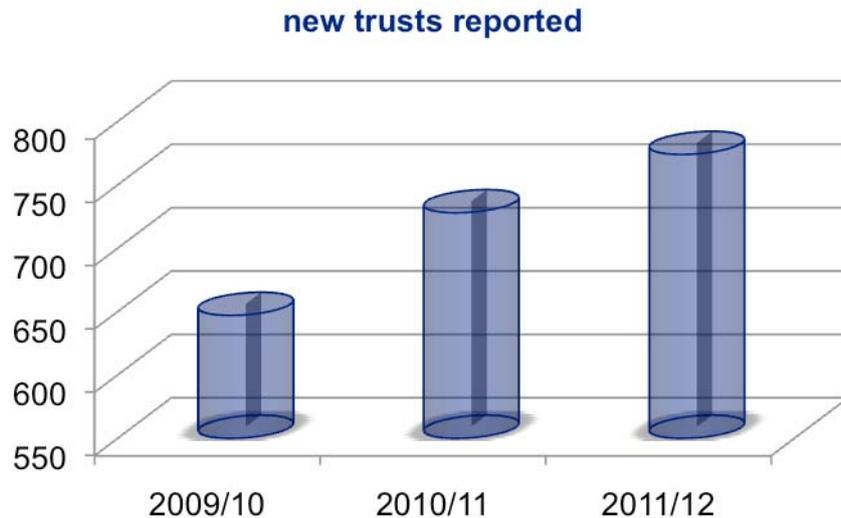
- a comprehensive fees review;
- a review of many clients' financial positions to determine whether or not it was financially prudent to invest their money in the Public Trustee Investment Funds;
- receipt of final Redress WA Scheme ex-gratia payments on behalf of clients for whom the Public Trustee had made successful applications. Over the past two financial years \$1.33M on behalf of 120 clients eligible for the payments has been received;
- a review of the client database to identify which clients were eligible for the various Government initiatives (for example Stolen Wages) introduced during the year;
- the implementation of deceased estate completion surveys to enable timely feedback from beneficiaries;
- the implementation of milestone tracking in the deceased estates business area to enable monitoring of the progress of deceased estates being administered; and
- finalising the relocation of the remaining Trustee Services Directorate staff to the new building.

Trust Management

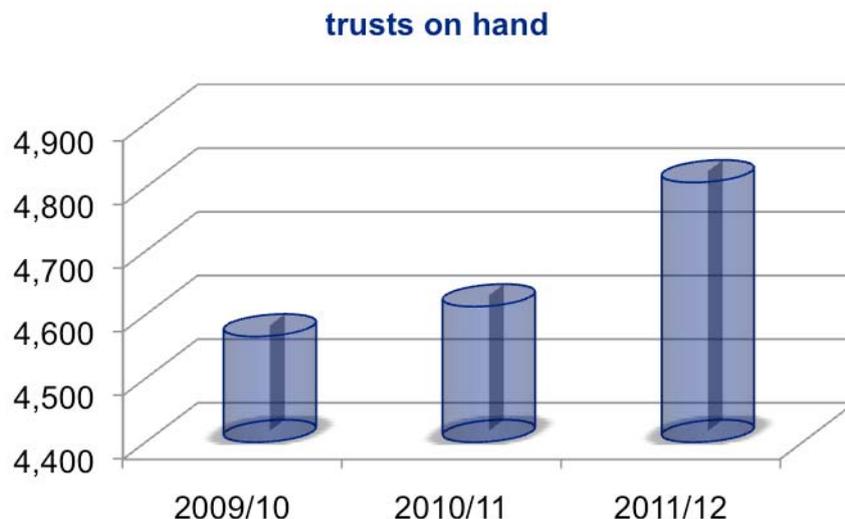
Trust managers act as trustee, manager, donee, substitute trustee, or administrator for people who are unable or unwilling to manage their own financial affairs.

The Trust Management business area continues to see an increasing demand for their services. The impact of these demand pressures needs to be closely monitored to ensure the Public Trustee can provide the level of service needed and demanded by clients and stakeholders.

The total number of new clients including appointments by the State Administrative Tribunal (SAT) was 774, an increase of 6.3 per cent over the previous year.



The total number of trusts on hand increased to 4,808 compared to 4,613 in 2010/11.



SAT appointments increased during the year. SAT referred 522 new cases to the Public Trustee, an increase of 9.4% over the previous year.

At 30 June 2012 there were 2,516 SAT-referred clients administered by the Public Trustee.

The continuing high level of SAT appointments of the Public Trustee can be attributed to the increase in the number of people with decision-making disabilities. 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. 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 211 compared to 179 in 2010/11. Court trusts originated from the District Court and the Assessor of Criminal Injuries Compensation.

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 the client's accommodation and transport needs.

SAT also reviewed 602 administration orders for which the Public Trustee was the appointed administrator.

	2009/10	2010/11	2011/12
New trusts reported	647	728	774
Trusts total	4,566	4,613	4,808
New SAT orders	400	477	522
Total SAT clients	2,141	2,291	2,516
SAT hearings attended	546	655	635
New court trusts	178	179	211

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.

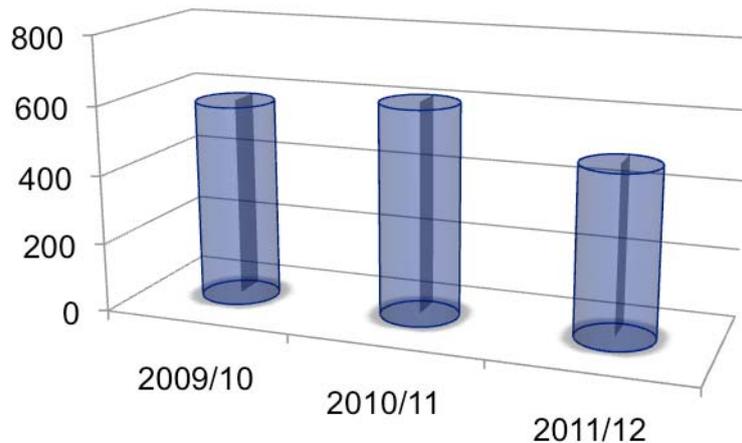
The Public Trustee assisted beneficiaries in estates where there were only limited or nominal assets and encouraged them to take a more active role (including assisting beneficiaries to administer the estate themselves).

In 2010/11 the Public Trustee increased the informal administration threshold to \$20,000 to enable beneficiaries to informally administer the estate themselves (unless the beneficiaries are charities, minors or in dispute, or there are irregularities in the death certificate or Will or there is a contested claim).

This strategy designed to help beneficiaries of small estates has contributed to the continued reduction in the number of formal probate applications made to the Supreme Court with an increase in informal administrations to 151.

The number of applications to the probate division of the Supreme Court made by the Public Trustee decreased to 490, which equates to an 8.2% market share (9.75% in 2010/11).

Probate applications



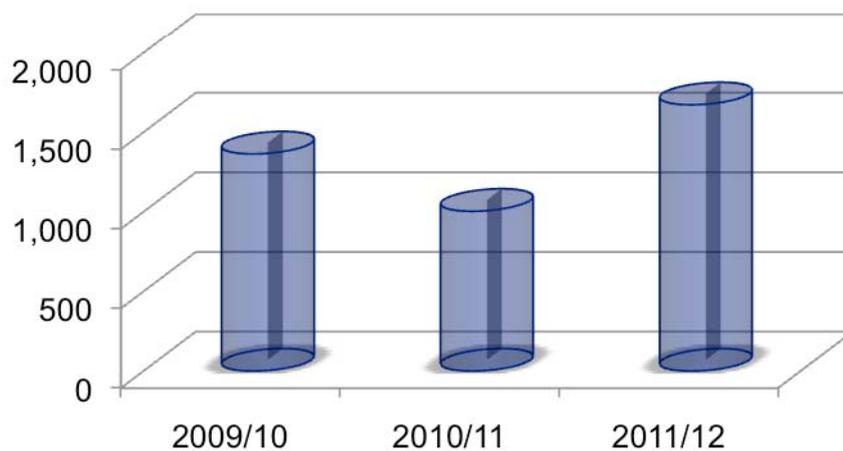
Private Administrator Support (PAS)

PAS is responsible for examining annual accounts prepared and submitted by private administrators. PAS assists private 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 four training seminars for newly appointed private administrators.

PAS conducted 1,673 account examinations where total assets exceeded \$648 million and issued one certificate of loss during the year for \$16,305.

Accounts examined



PAS received additional resources during the year to help cope with the increasing demand for its services and to assist with clearing a backlog of examinations caused by the increased demand.

Operational Subsidy (Community Service Obligation)

The Public Trustee's fees are outlined in the *Public Trustee Act 1941* and the Annual Agreement 2011/12. There are a number of services known as Operational Subsidies (formerly Community Service Obligations) that the Public Trustee provides free of charge or for a fee that does not cover the cost of providing that service.

Services categorised as an Operational Subsidy in 2011/12 included:

- a reduced cost Will making service for concession card holders or those who named the Public Trustee as Executor of their estate;
- the 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 when an order was made by SAT and the fees recovered for performing this role did not cover the cost of providing the service;
- examining the accounts of private administrators according to provisions of the [*Guardianship and Administration Act 1990*](#) and where assets were less than \$50,000;
- acting as Trustee for compensation awards where the fees charged 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.

In 2011/12 the Public Trustee provided \$7.4 million of operational subsidy to clients (who could not afford to pay) at no cost to Government.

Inter Agency Partnerships

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

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 probate, property, commercial, debt recovery, personal injuries and family law.

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

At 30 June 2012 the Legal Services business area had 531 legal matters on hand (not including Wills and estate distributions). It received 249 new cases and finalised 208 matters during the financial year.

	2009/10	2010/11	2011/12
New cases	234	263	249
Finalised cases	265	211	208
Cases on hand	438	490	531

About half of the legal matters result in court actions, predominantly in the Supreme Court. Most of those concern issues arising from the administration of the estates of represented persons, deceased estates and trusts. They include proving Wills, seeking directions with regard to entitlements to deceased estates, recovery of misappropriated assets, personal injuries claims and family law. Some of these matters involve the most at-risk members of the community for whom there is no-one else willing or able to act.

During the year Legal Services played a key role to:

- reform and improve the way in which probate applications are made;
- record the corporate knowledge of the *Public Trustee Act 1941* and law for people with disabilities, as an important succession planning tool;
- respond to the increasing complexity of cases involving people with decision-making disabilities;
- develop the legal billing system to generate accounts to charge fees in appropriate cases;
- review the Public Trustee's fee structure to help achieve self-funding;
- advise of the changes required to realign the Wills business area; and
- develop stakeholder relationships and educate the community by presenting informative and relevant talks at continuing professional development and public seminars.

Business Development & Marketing

The Directorate continued activities that were aimed at further heightening public awareness and understanding of the Public Trustee, while aiding the achievement of self-funding by increasing the number of fee-paying clients.

Client Service Centre

Client Service staff:

- provide information on all Public Trustee services to the public via telephone, reception and written/web/email enquiries;
- check death records daily and reconcile against the Public Trustee's Wills index;
- initiate first contact with the families and next of kin of deceased clients;
- allocate deceased estates file cases to estate managers;
- process WA Will Bank applications;
- arrange Will appointments and signings;
- process Will payments; and
- register seminar attendances.

Wills

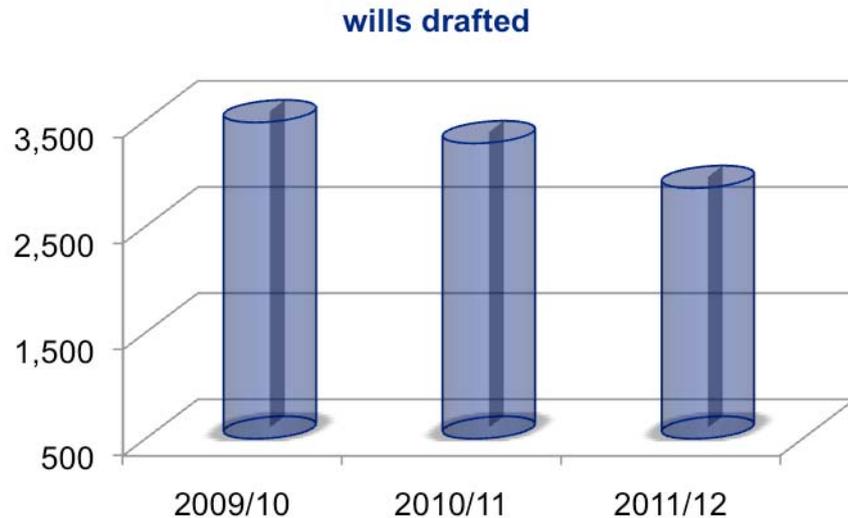
The Public Trustee offers professional Will drafting and safe custody services to all Western Australians for clients who name the Public Trustee as Executor of their Will as well as for those who nominate someone other than the Public Trustee as their Executor.

During 2011/12 customer service and business processes were improved following the realignment of resources and skills in the Wills business area and the full implementation and use of the Chameleon Automated Will Drafting software.

A new Wills team was recruited and trained in early 2012 leading to significant improvements in the nature and quality of Wills drafted. These initiatives have significantly reduced Will drafting turnaround times with the majority of clients receiving a signed Will at their appointment. Appointment waiting times have also significantly reduced.

A review of the Will fee charging structure was also undertaken with the recommendation to change Will writing fees for non-concession card holders being adopted. This move is expected to enable the Public Trustee to better focus its resources on clients with a limited capacity to pay.

2,862 Wills were prepared or amended during the year and the 'Wills on Wheels' service provided a visiting Will preparation service to 351 people who were unable to attend the office due to age or infirmity.



WA Will Bank is a free community service for all Western Australians to enable them to store their Wills in the Public Trustee's purpose-built fire-resistant vault. It has more than 124,000 Wills held in safe custody.

This year, 725 private testators deposited their Will in the WA Will Bank for safekeeping.

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

Marketing and Communications

Efforts to improve awareness and access continued throughout the year. The Marketing and Communications function has achieved successful results for each of the following:

- Wills and Deceased Estates public education seminars continue to be strongly supported by the general public with over 800 attendees at nine seminars conducted during the past year;
- participation in a large numbers of expos and community based-talks for public libraries, Government and community organisations;
- WA Will Week, which comprised of five talks in Joondalup, Rockingham, Caversham and Perth, and addressed 556 registered participants;
- Private Administrator Training was delivered in conjunction with the Office of the Public Advocate - four sessions delivered to 130 new private administrators;
- three Plaintiff Lawyers Seminars as part of a Court Trusts business development stakeholder relations initiative addressed 400 lawyers, earning them continuing professional development points;
- promotion of the WA Will Bank service for the free safe custody of any Will;

Agency Performance

- publishing and distributing the Trust Matters stakeholder bulletins in email form, informing stakeholders of issues and developments in the trustee area and at the Public Trustee;
- continued stakeholder visits informing them of the work of the Public Trustee and seeking information on how services can be improved;
- regional promotion of the Public Trustee and Wills service in Broome and Bunbury where public and stakeholder workshops were organised;
- attendance at the North West Expo to help reduce anxiety and increase understanding of how and when the Public Trustee becomes involved in intestate estates under the [Aboriginal Affairs Planning Authority Act 1972](#);
- regular release of information to the media to raise awareness of issues or misconceptions relating to Wills, deceased estate administration, enduring powers of attorney, trust management, elder abuse and financial abuse; and to promote new services such as the WA Will Bank, private executor Will drafting and executor assist; and
- refinement of information on the Public Trustee website www.publictrustee.wa.gov.au

Customer Feedback

The Public Trustee through the Department of the Attorney General's Customer Feedback Management System received 115 different feedback matters.

This was an increase of 37% from the previous year.

	2009/10	2010/11	2011/12
Complaint	38	51	62
Compliment	23	29	44
Other	1	0	0
Suggestion	9	4	9
Total	71	84	115

Business Services

Investments

The Public Trustee is responsible for managing the assets of our 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.

Gross Assets Under Administration (\$)			
	2009/10	2010/11	2011/12
Common Account	1,162,449,593	1,242,261,745	1,257,671,580.23
PTIFs	133,945,001	143,125,827	132,067,108.88
Bank deposits	61,672,369	68,167,198	77,387,739.97
Equities	23,175,660	26,813,963	24,039,739.97
Unit Trusts	6,073,413	6,706,013	5,951,251.15
Life Policies	1,403,237	1,632,483	1,443,719.28
Real Estate	318,218,461	369,322,923	372,183,106.55
Other Assets	29,628,855	29,116,757	30,857,854.41
Total	\$1,736,566,589	\$1,887,146,909	\$1,901,602,100.44

Public Trustee Investment Funds (PTIFs)

The Public Trustee continued to use the PTIFs for investment of client funds to enhance long-term capital and income growth for clients.

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.

The four PTIFs are:

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

Regular reviews of clients' investments are undertaken and portfolios adjusted for any changes in circumstances and needs of the clients going forward.

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 30 June 2010	Total Value 30 June 2011	Total Value 30 June 2012
Cash	Nil	Nil	Nil
Conservative	17,333,842	19,309,187	18,337,869
Growth	114,683,165	121,541,759	111,701,142
Growth Plus	1,927,994	2,274,882	2,028,096
	\$133,945,001	\$143,125,827	\$132,067,107

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

External Investment Committee

The Public Trustee Investment Committee, which includes an external member, meets quarterly. These meetings review the quarterly reports together with representatives of the fund manager Mercer. The Committee also reviews global economic conditions and their impact on the Australian investment landscape.

Common Account

The Public Trustee currently manages in excess of \$1.239 billion in cash and short term deposits with the Western Australian Treasury Corporation and banks rated A2 to A1+, as well as two CBD buildings valued at \$70 million. The cash deposits include an amount of \$966 million held in trust pending the outcome of a Court appeal in the Bell Resources court 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 2011/12.

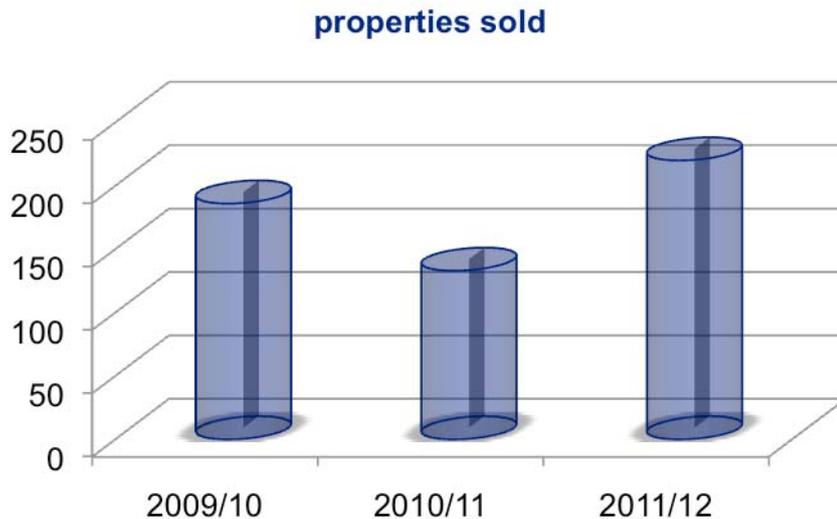
The Public Trustee Common Account's investment properties comprise of land and two office buildings. At 30 June 2012 the Public Trustee is the principal occupier of 553 Hay St, and finalised the sale of 565 Hay St to the Perth Diocesan Trust on 2 July 2012.

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. Staff liaise with the beneficiaries and families during this process.

During 2011/12 the Investments section sold 220 properties for a total value of \$74.82million. This is an increase in numbers sold in the previous year and reflects in some part on the improving property market.

	2009/10	2010/11	2011/12
Properties sold	186	133	220
Value \$	67,975,972	51,119,750	74,821,614



A challenge 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 soft 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.

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 policies and where required in conjunction with the Department of 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.

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 2011/12 were for provision of services for:

- auctioneering;

- real estate settlement; and
- storage.

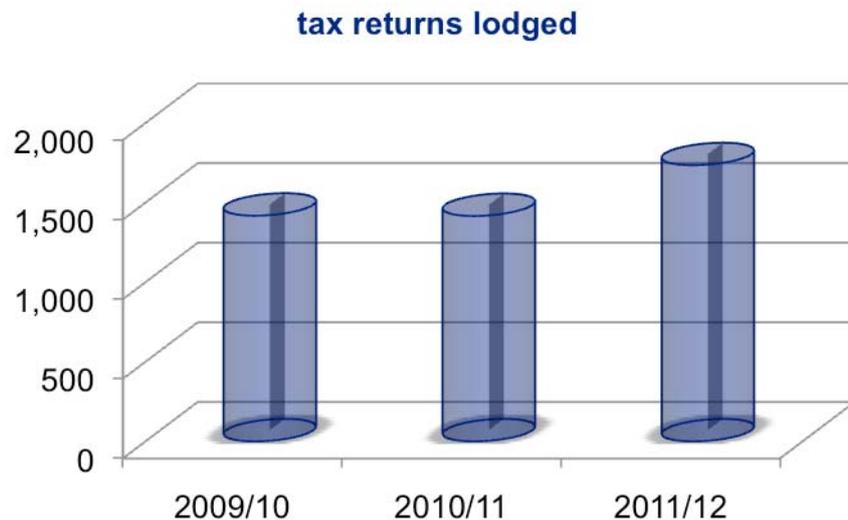
All public tenders over \$150,000 are advertised on the WA Government 'Tenders WA' electronic procurement system.

Taxation Services

Taxation Services oversee the preparation, review and electronic lodgement of all tax returns for trust and estate administration clients, including individual, partnership, business, company and trust returns.

Staff are registered tax agents and provide training for trust and estate managers, and advice on complex tax matters to ensure the most effective outcomes for trusts under administration.

Taxation Services reviewed 1,835 files and lodged 1,735 tax returns in 2011/12.



Business Support

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

Freedom of Information Requests

No applications were received for this reporting period.

Completion of Office Relocation Project

The final two stages of relocation successfully occurred in September 2011 and March 2012.

The Public Trustee purchased 553 Hay Street Perth on behalf of clients to replace the building at 565 Hay Street Perth.

The building at 553 Hay Street is a suitable alternative as an investment for our clients and 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 Public Trustee is now the major tenant in 553 Hay St and sold the 565 Hay St building in July 2012.

Corporate Support

Overview

Corporate Support provides a range of services that help support the Public Trustee's strategic objectives.

The Public Trustee continued its commitment to personal and professional development of all employees, specifically with the development of business service skills and knowledge. The focus during 2011/12 was primarily on consolidating the legislative as well as technical knowledge and improving customer service to clients.

Significant resources were allocated to the training and development program where 191 days were delivered in training effort.

Changes in fees and charges in the corporate computer system Management and Trustee Environment (MATE) were successfully implemented.

A schedule of regular MATE production releases was achieved together with significant effort to address MATE-related enhancement requests.

During the office relocation significant risks were successfully managed in the shifting of the IT server equipment and introduction of a new VOIP telephony system.

Finance

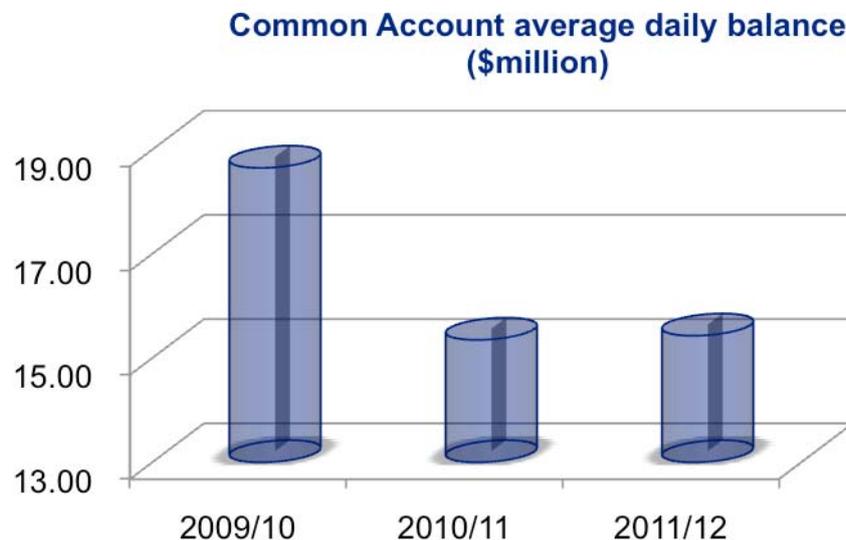
Finance assists the Corporate Executive in delivering financial outcomes consistent with financial targets through the provision of regular analysis and advice. It manages the Public Trustee Bank Account and is responsible for both operational and Common Account payments and receipts.

It is also responsible for the preparation of monthly Operational Reports and Expenditure Forecasts, quarterly Key Performance Indicator analysis, Budget analysis, and Budget Statement preparation. It also prepares financial models and reports on the sustainability of Trustee Services to the Western Australian community.

This year, the Public Trustee had an operational expenditure budget of \$21.85 million and a revenue budget of \$20.82 million (compared with \$18.51 million and \$16.50 million respectively for 2010/11). The expenditure budget is made available through a net appropriation determination via the Department of the Attorney General.

	2009/10	2010/11	2011/12
Operational budget	\$17M	\$18.51M	\$21.92M
Revenue budget	\$13.13M	\$16.50M	\$20.82M

Finance managed the Public Trustee Common Account Bank Account, which averaged a daily balance of \$15.43 million, by coordinating the significant volume of financial transactions relating to clients' trust money, with receipts and disbursements in excess of \$2,619 million (compared with \$1,633 million in 2010/11).



Training & Development

The Employee Development System is used to identify training opportunities.

The following training and education opportunities, in addition to Microsoft Office Skills training, were provided:

- **Online Public Trustee Induction Module** - the in-house learning program for new employees provides flexibility in learning and covers the Public Trustee's services and culture combined with face-to-face training on systems used by the Public Trustee.
- **Trust Manager and Estate Manager Induction Programs** – the customised in-house three-month Trust Management and six-week Estate Management learning programs feature structured facilitated learning with on-the-job training and mentoring.
- **Certificate IV in Financial Services (Personal Trust Administration)** - on-line learning provided by the University of Western Sydney.
- **Administrative Law at Murdoch University** - understanding legal obligations when making decisions of an administrative nature.
- **Grief Management** – Invocare's training covered areas of grief and its impact on client service, including cognitive and emotional responses, which is helpful for staff when dealing with clients during a time of grief.
- **Conflict and Stress in the Workplace** - a mandatory Worksafe workshop that covered aspects of workplace bullying and causes of stress within the workplace.

- **Enduring Power of Guardianship (EPG) and Advanced Health Directives (AHD)** - the Office of the Public Advocate's seminar on the legislative requirements of completing an EPG or AHD, how they operate and the amendments to the [Guardianship and Administration Act 1990](#).
- **Service Excellence Workshop** - a customised workshop on improving customer service delivery with emphasis on identifying obstacles that prevent staff from providing optimal service and solutions to achieve better service. It provided staff with improved techniques in responding to difficult clients and building resilience in stressful situations.

Subject	Staff	Hours
Trust Induction	1	438
CERT IV in Financial Services	13	–
Administrative Law	41	307
Grief Management	24	48
Conflict and Stress in the Workplace	153	153
EPG & AHD	36	36
Service Excellence Workshop	147	441
Mental Health in the Workplace	4	12
Total		1,435

Systems and Technology

The section maintained day-to-day operational support of IT systems whilst simultaneously dealing with a number of key strategic projects.

One of the major tasks associated with the office relocation was to replace the existing PABX with a new Telstra IP telephony integrated system with the department's computer network. The task was successfully executed and all user issues that have now been resolved.

There were three major IT projects worked on during the year:

- System changes to the Public Trustee business system Management Accounting Trust Environment (MATE), related to the revised Fees and Charges were successfully implemented in June 2012.
- The Chameleon integration with MATE project is in the final stages and will be completed during the third quarter of 2012.
- A data clean-up of MATE client addresses commenced during the last quarter of the year and was finalised in August 2012.

Agency Performance

A significant number of aged desktop computers were replaced during the year. This will improve both staff access to the growing number of Public Trustee business applications and provide improved system performance.

The new building provides a modern computer room with state-of-the-art fire protection, air-conditioning and monitoring systems in place and will enable future expansion of IT capability including its telephony services.

Human Resources

Human Resources assisted with the realignment of the Wills area during the year. The use of appointment pools attracted a large number of applicants.

Employee engagement, training and a flexible workplace has seen a further slow down in the staff turnover rate (11%).

During the year a career development and succession planning strategy was developed. Under the strategy, staff receive equal access to participate in training programs, attain competency in a broad range of skills, proactively participate in their career and raise their overall knowledge and skills.

Through consultation and lateral thinking new retention strategies have been implemented to meet the work-life balance expectations of staff.

Internal Audit

RSM Bird Cameron are the Public Trustee-appointed Internal Auditors.

During the year reviews identified many areas of strengths, and highlighted opportunities for further improvement, and corrective action was undertaken to strengthen internal controls.

A Risk Management and Audit Committee oversee the management of the Internal Audit function. Its primary purpose is to provide guidance and direction, review audit reports and recommend action to ensure an efficient and effective internal audit function is maintained.

The committee is comprised of the Corporate Executive and representatives from external agencies including the Office of the Auditor General, RiskCover and the Department of the Attorney General.

SIGNIFICANT ISSUES AND TRENDS

Key impacts that will shape the Public Trustee's business over the next five years will be:

Ageing population

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. It has already experienced the largest increase in the number of persons aged 65 years and older in Australia⁷, while the number of people aged 85 years and over increased by 32.7% between 2004 and 2009⁸.

This demographic change, together with trends such as 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.

Other factors such as the 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 will also contribute to the demand for trustee and executor services.

There are further challenges in the increasing level of complexity of work from the State Administrative Tribunal.

Similarly, the PT faces an ageing workforce with the need for knowledge capture and succession planning as up to 19% of the current workforce is likely to exit employment within the next five-ten years.

Government policies

State and Commonwealth Governments' efficiency dividends, decentralisation of services, increased outsourcing and the need to maintain self-funding remain a challenge.

There is also a drive by State and Commonwealth Governments to develop and grow regional areas through investments in infrastructure and delivery of services. This will be a challenge to service delivery as major population growth would be expected in these regional areas.

Compliance

The risk of contingent liabilities for work performed in the past continues to influence current policy and procedures and limits innovation in the way the PT performs.

⁷ 3201.0 – Population by Age and Sex, Australian States and Territories, June 2010.

⁸ 3235.0 – Population by Age and Sex, Regions of Australia, 2009, Aug 2010.

Compliance requirements, especially in the superannuation, company law, financial planning and regulatory fields have become complex including the ability to obtain information from superannuation funds and the need for legal officers to witness staff signatures.

Competitive

The trustee and financial marketplace is increasingly competitive and private trustee companies target the most profitable business, preferring not to deal with the complex or difficult cases so our services must be consistently more valuable to be seen as attractive.

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. A growing number of people are preparing their own Wills using easily accessible do-it-yourself Will kits. Various legal firms are increasing their advertising to counteract the PT's efforts to break into regional centres.

Technology and user resistance

Western Australia has the second highest Internet connectivity in the country with 75.1% of dwellings having an Internet connection⁹. The uptake of new technologies, such as smart phones and tablet computers, continues to add to expectations of immediacy in client relationships.

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

Financial performance

Lower interest rates and volatile share market prices affect the investment performance that the Public Trustee can secure on funds invested on behalf of clients. The downturn in shares 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.

Social and economic trends

Population shifts and growth in regional centres impacts how we deliver our services. Lower interest rates, higher inflation and volatile share market prices affect investment performance on funds invested on behalf of clients. 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.

⁹ 4102.0 Australian Social Trends, Data Cube – Other areas of social concern, June 2011.

LOOKING AHEAD – MAJOR INITIATIVES IN 2012/13

In 2012/13 the Public Trustee will:

- establish a Public Trustee Community Foundation and build alliances with key shareholder groups;
- undertake office wide Business Process Reviews to identify more efficient ways to operate;
- develop a one-stop shop by creating and marketing a range of 'whole of life' services;
- realign our Investments business; and
- pilot improved use of electronic documents in Records Management.

DISCLOSURES AND LEGAL COMPLIANCE

Auditor's Opinion



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PUBLIC TRUSTEE

Report on the Financial Statements

I have audited the accounts and financial statements of the Public Trustee.

The financial statements comprise the Statement of Financial Position as at 30 June 2012, the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

Public Trustee's Responsibility for the Financial Statements

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 for such internal control as the Public Trustee determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements based on my audit. The audit was conducted in accordance with Australian Auditing Standards. Those Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Public Trustee's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Public Trustee, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the financial position of the Public Trustee at 30 June 2012 and its financial performance and cash flows for the year then ended. They are in accordance with Australian Accounting Standards and the Treasurer's Instructions.

Report on Controls

I have audited the controls exercised by the Public Trustee during the year ended 30 June 2012.

Controls exercised by the Public Trustee are those policies and procedures established by the Public Trustee to ensure 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.

Public Trustee's Responsibility for Controls

The Public Trustee is responsible for maintaining an adequate system of internal control to ensure that the receipt, expenditure and investment of money, the acquisition and disposal of public and other property, and the incurring of liabilities are in accordance with the Financial Management Act 2006 and the Treasurer's Instructions, and other relevant written law.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the controls exercised by the Public Trustee based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the adequacy of controls to ensure that the Public Trustee complies with the legislative provisions. The procedures selected depend on the auditor's judgement and include an evaluation of the design and implementation of relevant controls.

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

Opinion

In my opinion, the controls exercised by the Public Trustee are sufficiently adequate to 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 during the year ended 30 June 2012.

Report on the Key Performance Indicators

I have audited the key performance indicators of the Public Trustee for the year ended 30 June 2012.

The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide information on outcome achievement and service provision.

Public Trustee's Responsibility for the Key Performance Indicators

The Public Trustee is responsible for the preparation and fair presentation of the key performance indicators in accordance with the Financial Management Act 2006 and the Treasurer's Instructions and for such controls as the Public Trustee determines necessary to ensure that the key performance indicators fairly represent indicated performance.

Auditor's Responsibility

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the key performance indicators based on my audit conducted in accordance with Australian Auditing and Assurance Standards.

An audit involves performing procedures to obtain audit evidence about the key performance indicators. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments the auditor considers internal control relevant to the Public Trustee's preparation and fair presentation of the key performance indicators in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the relevance and appropriateness of the key performance indicators for measuring the extent of outcome achievement and service provision.

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

Opinion

In my opinion, the key performance indicators of the Public Trustee are relevant and appropriate to assist users to assess the Public Trustee's performance and fairly represent indicated performance for the year ended 30 June 2012.

Independence

In conducting this audit, I have complied with the independence requirements of the Auditor General Act 2006 and Australian Auditing and Assurance Standards, and other relevant ethical requirements.

Matters Relating to the Electronic Publication of the Audited Financial Statements and Key Performance Indicators

This auditor's report relates to the financial statements and key performance indicators of the Public Trustee for the year ended 30 June 2012 included on the Public Trustee's website. The Public Trustee's management is responsible for the integrity of the Public Trustee's website. This audit does not provide assurance on the integrity of the Public Trustee's website. The auditor's report refers only to the financial statements and key performance indicators described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these financial statements or key performance indicators. If users of the financial statements and key performance indicators are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial statements and key performance indicators to confirm the information contained in this website version of the financial statements and key performance indicators.



COLIN MURPHY
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
13 September 2012

Financial Statements

Certification of Financial Statements for the year ended 30 June 2012

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 2012 and the financial position as at 30 June 2012.

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.



Natalia Gavrilova CA

Chief Finance Officer

11 September 2012



Brian Roche BBus, MMgt

Accountable Authority

11 September 2012

Statement of Comprehensive Income For the year ended 30 June 2012

	Note	2012 \$	2011 \$
COST OF SERVICES EXPENSES			
Write offs	6	479,710	328,747
Employee benefits expense	7	13,422,031	12,121,460
Depreciation	7	1,030,427	550,428
Administration expenses	7	3,872,723	3,228,978
Accommodation expenses	7	2,244,939	1,029,586
Corporate service expenses	7	1,989,581	2,421,378
Total expenses before payments to Consolidated Account		23,039,411	19,680,577
Fees paid to Consolidated Account	8	15,376,869	12,567,000
Surplus Common Account Interest paid to Consolidated Account	9(a)	3,789,762	1,185,000
Other revenue and reserves paid to Consolidated Account	9(b)	7,580,513	4,195,516
Total cost of services		49,786,555	37,628,093
INCOME			
Fees raised from Estates and Trusts	2(i)	10,091,684	9,342,639
Public Trustee 6% fee from Common Account	2(i), 24(a)	4,624,576	4,471,605
Management Fee from Strategic Common Accounts	2(i)	604,313	629,955
Receipts from Common Account Surplus Interest	2(i), 24(a)	5,789,762	6,308,687
Interest revenue	2(i), 24(a)	1,790,486	1,666,067
Other revenue	2(i)	25,820	19,675
Total Income other than income from State Government		22,926,641	22,438,628
Net Cost of Service before Income from State Government	13(b)	(26,859,914)	(15,189,465)
INCOME FROM STATE GOVERNMENT			
Royalties for Regions Fund	7	-	27,150
Recoups and other revenue from the Department of the Attorney General	7	102,996	9,890
Corporate revenue allocation from the Department of the Attorney General	7	639,073	557,464
Resources received free of charge from the Department of the Attorney General	7,19	21,817,632	18,757,326
Total income from State Government		22,559,701	19,351,830
SURPLUS/(DEFICIT) FOR THE PERIOD		(4,300,213)	4,162,365
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		(4,300,213)	4,162,365

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

Disclosures & legal compliance

Statement of Financial Position As at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash - Investment in Common Account	13(a)	27,727,658	31,555,167
Debtors	12	294,669	41,190
Total Current Assets		<u>28,022,327</u>	<u>31,596,357</u>
TOTAL ASSETS		<u>28,022,327</u>	<u>31,596,357</u>
LIABILITIES			
Current Liabilities			
Accrued Fees Payable to Consolidated Account	11	1,706,059	633,798
Tax liabilities	12	-	343,889
Creditors		15,241	17,430
Total Current Liabilities		<u>1,721,300</u>	<u>995,117</u>
TOTAL LIABILITIES		<u>1,721,300</u>	<u>995,117</u>
NET ASSETS		<u>26,301,027</u>	<u>30,601,240</u>
EQUITY			
Indemnity reserve	10(a)	9,353,013	9,296,648
Business development reserve	10(a)	11,554,273	17,665,057
Retained earnings	10(b)	5,393,741	3,639,535
TOTAL EQUITY		<u>26,301,027</u>	<u>30,601,240</u>

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

Disclosures & legal compliance

Statement of Changes in Equity For the year ended 30 June 2012

	Note	2012 \$	2011 \$
Balance of equity at start of period		30,601,240	26,438,875
RESERVES			
Indemnity Reserve			
Balance at start of period		9,296,648	8,562,423
Transfers to reserves		575,298	1,328,491
Transfers from reserves		(518,933)	(594,266)
Balance at end of period	10(a)	<u>9,353,013</u>	<u>9,296,648</u>
Business Development Reserve			
Balance at start of period		17,665,057	16,072,990
Transfers to reserves		5,789,762	8,185,886
Transfers from reserves		(11,900,546)	(6,593,819)
Balance at end of period	10(a)	<u>11,554,273</u>	<u>17,665,057</u>
RETAINED EARNINGS			
Balance at start of period		3,639,535	1,803,462
Total comprehensive income for the period		(4,300,213)	4,162,365
Transfers from/(to) Public Trustee reserves		6,054,419	(2,326,292)
Balance at end of period	10(b)	<u>5,393,741</u>	<u>3,639,535</u>
Balance of equity at end of period		<u>26,301,027</u>	<u>30,601,240</u>

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

Disclosures & legal compliance

Statement of Cash Flows For the year ended 30 June 2012

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees raised from Estates and Trusts		9,603,474	8,789,764
Public Trustee 6% fee from Common Account		4,624,576	4,471,605
Management fee from Strategic Common Accounts		604,311	629,955
Receipts from Common Account Surplus Interest		5,789,762	6,308,687
Interest revenue		1,790,489	1,666,067
GST receipts on fees		1,828,279	1,862,216
Other revenue		25,818	19,675
Payments			
GST payments on purchases		(1,452,486)	(737,528)
GST payments to taxation authority		(966,849)	(1,134,828)
Net Cash provided by operating activities	13(b)	<u>21,847,374</u>	<u>21,875,613</u>
CASH FLOWS TO STATE GOVERNMENT			
Fees paid to Consolidated Account		(14,826,798)	(12,409,238)
Surplus Common Account Interest paid to Consolidated Account		(3,267,572)	(1,185,000)
Other revenue and reserves paid to Consolidated Account		(7,580,513)	(4,238,895)
Net Cash provided to State Government		<u>(25,674,883)</u>	<u>(17,833,133)</u>
Net increase/(decrease) in cash and cash equivalents		(3,827,509)	4,042,480
Cash and cash equivalents at the beginning of the period		31,555,167	27,512,687
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	13(a)	<u>27,727,658</u>	<u>31,555,167</u>

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

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

1. Australian Accounting Standards

General

The Public Trustee's financial statements for the year ended 30 June 2012 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*. There has been no early adoption of Australian accounting Standards that have been issued or amended (but not operative) by the Public Trustee for the annual reporting period ended 30 June 2012.

2. Summary of significant accounting policies

2 (a) (i) General statement

The Public Trustee is a not-for-profit reporting entity that prepares general purpose financial statements in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB 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 impose legislative provisions that govern the preparation of financial statements and take precedence over Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the AASB.

Where modification is required and has had 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, except for land, buildings and infrastructure, 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.

Note 3 'Judgements made by management in applying accounting policies' discloses judgements that have been made in the process of applying the Public Trustee's accounting policies resulting in the most significant effect on amounts recognised in the financial statements.

Note 4 'Key sources of estimation uncertainty' discloses 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.

2 (a) (iii) Reporting entity

The Public Trustee is the reporting entity.

2 (b) Investments (Common Account)

Investments have been brought to account as follows:

2 (b) (i) Properties

The Public Trustee Common Account owns two investment properties, both comprising of land and office buildings. At 30 June 2012 Public Trustee is the principal occupier of the property at 553 Hay Street. Property at 565 Hay Street is prepared for sale on 2 July 2012. The properties have been recorded at fair value - refer to note 24(f). Market based evidence is available and the fair value of the land and building is determined on the basis of current market buying values determined by reference to recent market transactions. Independent valuations of land and buildings are usually done annually by external parties 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) (ii) 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 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 2011-12 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 2011-12 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.

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) Fair value

The fair value of the financial instruments in the Common Account, such as monetary financial assets and liabilities not traded in an organised financial market, is initially measured at cost. Financial liabilities include accrued fees payable to the Consolidated Account. The carrying value approximates fair value.

2 (i) Revenue recognition

Revenue is measured at the 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 when the services are rendered to the clients, and are debited to the clients account at the end of each month. There are no receivables in relation to fees at month end.
- 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 as the interest accrues.
- 2 (i) (v)** Receipts from Common Account Reserves are recognised when accrued.
- 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 transaction's 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 the resources represent a service that the authority would otherwise pay for, a corresponding expense is recognised. Receipts of assets are recognised in the Statement of Financial Position.

Assets or services are received from other State Government agencies 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.

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 as they are generally settled within 30 days.

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 at fair value, as they are generally settled within 30 days.

2 (m) (i) Operating Leases

Operating leases are expensed on a straight line basis over the lease term as this represents the pattern of benefits derived from the leased properties.

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 2011 that impacted on the Public Trustee:

Standard	Title
AASB 1054	<p><i>Australian Additional Disclosures</i></p> <p>This Standard, in conjunction with AASB 2011-1 <i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project</i>, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.</p>
AASB 2009-12	<p><i>Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Int 2, 4, 16, 1039 & 1052]</i></p> <p>This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.</p>
AASB 2010-4	<p><i>Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Int 13]</i></p> <p>The amendments to AASB 7 clarify financial instrument disclosures in relation to credit risk. The carrying amount of financial assets that would otherwise be past due or impaired whose terms have been renegotiated is no longer required to be disclosed. There is no financial impact.</p> <p>The amendments to AASB 101 clarify the presentation of the statement of changes in equity. The disaggregation of other comprehensive income reconciling the carrying amount at the beginning and the end of the period for each component of equity is no longer required. There is no financial impact.</p>
AASB 2010-5	<p><i>Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Int 112, 115, 127, 132 & 1042]</i></p> <p>This Standard makes editorial amendments to a range of Australian Accounting Standards and Interpretations. There is no financial impact.</p>

Disclosures & legal compliance

AASB 2010-6	<p><i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]</i></p> <p>This Standard introduces additional disclosure relating to transfers of financial assets in AASB 7. An entity shall disclose all transferred financial assets that are not derecognised and any continuing involvement in a transferred asset, existing at the reporting date, irrespective of when the related transfer transaction occurred. There is no financial impact.</p>
AASB 2011-1	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Int 2, 112 & 113]</i></p> <p>This Standard, in conjunction with AASB 1054, removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards. There is no financial impact.</p>
AASB 2011-5	<p><i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]</i></p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity are not-for-profit non-reporting entities that comply with Australian Accounting Standards. There is no financial impact.</p>

Disclosures & legal compliance

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 9	<p><i>Financial Instruments</i></p> <p>This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was reissued in December 2010. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 10	<p><i>Consolidated Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and Int 112 <i>Consolidation – Special Purpose Entities</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 11	<p><i>Joint Arrangements</i></p> <p>This Standard supersedes AASB 131 <i>Interests in Joint Ventures</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 12	<p><i>Disclosure of Interests in Other Entities</i></p> <p>This Standard supersedes disclosure requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i> and AASB 131 <i>Interests in Joint Ventures</i>.</p> <p>The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 13	<p><i>Fair Value Measurement</i></p> <p>This Standard defines fair value, sets out a framework for measuring fair value and requires disclosures about fair value measurements.</p> <p>There is no financial impact.</p>	1 Jan 2013

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Standard	Title	Operative for reporting periods beginning on/after
AASB 119	<p><i>Employee Benefits</i></p> <p>This Standard supersedes AASB 119 <i>Employee Benefits</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in September 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 127	<p><i>Separate Financial Statements</i></p> <p>This Standard supersedes requirements under AASB 127 <i>Consolidated and Separate Financial Statements</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 128	<p><i>Investments in Associates and Joint Ventures</i></p> <p>This Standard supersedes AASB 128 <i>Investments in Associates</i>, introducing a number of changes to accounting treatments.</p> <p>The Standard was issued in August 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 1053	<p><i>Application of Tiers of Australian Accounting Standards</i></p> <p>This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements. There is no financial impact.</p>	1 Jul 2013
AASB 2009-11	<p><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 Int 10 & 12]</i></p> <p>[Modified by AASB 2010-7]</p>	1 Jul 2013
AASB 2010-2	<p><i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements [AASB 1, 2, 3, 5, 7, 8, 101, 102, 107, 108, 110, 111, 112, 116, 117, 119, 121, 123, 124, 127, 128, 131, 133, 134, 136, 137, 138, 140, 141, 1050 & 1052 and Int 2, 4, 5, 15, 17, 127, 129 & 1052]</i></p> <p>This Standard makes amendments to Australian Accounting Standards and Interpretations to introduce reduced disclosure requirements for certain types of entities. There is no financial impact.</p>	1 Jul 2013

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Standard	Title	Operative for reporting periods beginning on/after
AASB 2010-7	<p><i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Int 2, 5, 10, 12, 19 & 127]</i></p> <p>This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-2	<p><i>Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements [AASB 101 & 1054]</i></p> <p>This Standard removes disclosure requirements from other Standards and incorporates them in a single Standard to achieve convergence between Australian and New Zealand Accounting Standards for reduced disclosure reporting. There is no financial impact.</p>	1 Jul 2013
AASB 2011-6	<p><i>Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation – Reduced Disclosure Requirements [AASB 127, 128 & 131]</i></p> <p>This Standard extends the relief from consolidation, the equity method and proportionate consolidation by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity, investor or venturer and the ultimate or intermediate parent entity comply with Australian Accounting Standards or Australian Accounting Standards – Reduced Disclosure Requirements. There is no financial impact.</p>	1 Jul 2013
AASB 2011-7	<p><i>Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Int 5, 9, 16 & 17]</i></p> <p>This Standard gives effect to consequential changes arising from the issuance of AASB 10, AASB 11, AASB 127 <i>Separate Financial Statements</i> and AASB 128 <i>Investments in Associates and Joint Ventures</i>. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013

Disclosures & legal compliance

Standard	Title	Operative for reporting periods beginning on/after
AASB 2011-8	<p><i>Amendments to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Int 2, 4, 12, 13, 14, 17, 19, 131 & 132]</i></p> <p>This Standard replaces the existing definition and fair value guidance in other Australian Accounting Standards and Interpretations as the result of issuing AASB 13 in September 2011. There is no financial impact.</p>	1 Jan 2013
AASB 2011-9	<p><i>Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income [AASB 1, 5, 7, 101, 112, 120, 121, 132, 133, 134, 1039 & 1049]</i></p> <p>This Standard requires to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jul 2012
AASB 2011-10	<p><i>Amendments to Australian Accounting Standards arising from AASB 119 (September 2011) [AASB 1, 8, 101, 124, 134, 1049 & 2011-8 and Int 14]</i></p> <p>This Standard makes amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 119 Employee Benefits in September 2011. The Authority has not yet determined the application or the potential impact of the Standard.</p>	1 Jan 2013
AASB 2011-11	<p><i>Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements</i></p> <p>This Standard gives effect to Australian Accounting Standards – Reduced Disclosure Requirements for AASB 119 (September 2011). There is no financial impact.</p>	1 Jan 2013

Disclosures & legal compliance

3. Judgements made by management in applying accounting policies

The preparation of financial statements 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.

Judgements were used to determine the fair value of the Investment properties of the Common Account. The fair value was determined by independent valuations conducted by Jones Lang Lasalle and Knight Frank.

4. Key sources of estimation uncertainty

There have been no key sources of estimation uncertainty at the reporting date that have 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

One of the investment properties of the Common Account at 565 Hay Street, was sold on 2 July 2012. This reduced the balance of investment properties by \$23,750,000 and increased the cash and cash equivalents of the Common Account by the same amount. Land under the property at 553 Hay Street has been purchased for \$5,995,000 on the same date.

6. Write offs

The amount of \$479,710 (2011- \$328,747) 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*.

	2012	2011
	\$	\$
Write Offs	479,710	328,747

7. Income from State Government

Resources received free of charge from the DotAG

The operational costs of the Public Trustee are funded by the Department of the Attorney General (DotAG) pursuant to a net appropriation determination by the Treasurer. The Public Trustee received funding in prior year for Royalties for Region recurrent expenses. A breakdown of the resources provided free of charge to the Public Trustee is as follows:

	2012	2011
	\$	\$
Operating Expenses		
Employee benefits expense		
Salaries	12,306,674	11,097,868
Superannuation and pension	1,115,357	1,023,592
	<u>13,422,031</u>	<u>12,121,460</u>
Depreciation	1,030,427	550,428
Administration expenses	3,872,723	3,228,978
Accommodation expenses	2,244,939	1,029,586
Corporate service expenses	1,989,581	2,421,378
Total operating expenses	<u>22,559,701</u>	<u>19,351,830</u>

Operating Income

Royalties for Regions Fund ⁽ⁱ⁾	-	27,150
Recoups and other revenue from the DotAG	102,996	9,890
Corporate revenue allocation from the DotAG	639,073	557,464
Resources received free of charge from the DotAG	21,817,632	18,757,326
Total operating income	22,559,701	19,351,830

(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 2011-12 determines that the Public Trustee is to transfer at least \$13,764,000 (2011 \$12,567,000) in fees to the Consolidated Account if the fees collected are in excess of \$13,764,000. 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.

	2012	2011
	\$	\$
Fees paid to Consolidated Account	15,376,869	12,567,000

9. Interest and Other Revenue Paid to the Consolidated Account

9 (a) 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 2011-12 Section 10.2 determines that the Public Trustee shall credit to the Business Development Reserve, at least \$3,490,000 (2011 \$870,000) of the balance of interest received. Section 10.3 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.

	2012	2011
	\$	\$
Surplus Common Account Interest paid to Consolidated Account	3,789,762	1,185,000

9(b) Other Revenue and Reserves Paid to Consolidated Account

These payments relate to outgoings incurred by the Department of Attorney General, on behalf of the Public Trustee, to indemnify certain clients for losses judged to be the responsibility of the Public Trustee, and for the Public Trustee's capital works programs. The payments were funded via transfers from the Public Trustee's Indemnity and Business Development Reserves as follows:

Disclosures & legal compliance

	2012	2011
		\$
Transfers from the Indemnity Reserve	45,028	115,187
Transfers from the Business Development Reserve	7,535,485	4,080,329
Other Revenue and Reserves Paid to Consolidated Account	7,580,513	4,195,516

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 2011-12 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	2012	2011
		\$	\$
Total Reserves			
Balance at start of year		26,961,705	24,635,413
ADD Transfer to Reserves		6,365,060	9,514,377
LESS Transfer from Reserves		(12,419,479)	(7,188,085)
Balance at end of year		20,907,286	26,961,705
Represented by:			
Indemnity Reserve			
Balance at start of year		9,296,648	8,562,423
ADD Transfer to Reserves		575,298	1,328,491
LESS Transfer from Reserves		(518,933)	(594,266)
Balance at end of year	10(a)(i)	9,353,013	9,296,648
Business Development Reserve			
Balance at start of year		17,665,057	16,072,990
ADD Transfer to Reserves		5,789,762	8,185,886
LESS Transfer from Reserves		(11,900,546)	(6,593,819)
Balance at end of year	10(a)(ii)	11,554,273	17,665,057
Total Balance of Reserves at end of Year		20,907,286	26,961,705

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,

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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 2011-12. 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 10.4 of the Current Agreement 2011-12 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*.

10 (b) Retained Earnings

	2012	2011
	\$	\$
Balance at start of year	3,639,535	1,803,462
Surplus/(Deficit)	(4,300,213)	4,162,365
Transfer to reserves	(6,365,060)	(9,514,377)
Transfer from reserves	12,419,479	7,188,085
Balance at end of year	5,393,741	3,639,535

11. Accrued Fees Payable to Consolidated Account

	2012	2011
	\$	\$
Accrued Fees payable to Consolidated Account	1,706,059	633,798

12. Tax liabilities

	2012	2011
	\$	\$
GST receivable	241,196	-
Other receivables	53,473	41,190
Total Debtors	294,669	41,190

GST payable	-	343,889
Total Creditors	-	343,889

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:

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	2012	2011
	\$	\$
Cash - Investment in Common Account	<u>27,727,658</u>	<u>31,555,167</u>

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

	2012	2011
	\$	\$
Net Cost of Service before Income from State Government	(26,859,914)	(15,189,465)

Non-cash items:

Employee benefits expense	13,422,031	12,121,460
Depreciation	1,030,427	550,428
Administration expenses	3,872,723	3,228,978
Accommodation expenses	2,244,939	1,029,586
Corporate service expenses	1,989,581	2,421,378

Payments:

Fees paid to Consolidated Account	15,376,869	12,567,000
Surplus Common Account Interest paid to Consolidated Account	3,789,762	1,185,000
Other revenue and reserves paid to Consolidated Account	7,580,513	4,195,516

Change in Assets and Liabilities

Increase/(decrease) in debtors	(253,479)	12,687
Increase/(decrease) in tax liabilities	(343,889)	(3,694)
Increase/(decrease) in creditors	(2,189)	(243,261)

Net cash provided by operating activities	<u>21,847,374</u>	<u>21,875,613</u>
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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:

\$	2012	2011
70,000 – 80,000	1	-
180,001 - 190,000	1	1
Total remuneration of members of the accountable authority is:	<u>\$262,478</u>	<u>\$188,655</u>

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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:

\$	2012	2011
80,001 - 110,000	-	2
140,001 - 150,000	1	1
160,001 - 170,000	2	1
170,001 - 180,000	1	1
180,001 - 200,000	-	1
230,001 – 240,000	1	-
Total remuneration of senior officers is:	\$890,664	\$855,565

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:

	2012	2011
	\$	\$
Auditing the accounts, financial statements and performance indicators	\$65,100	61,300

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 20 matters where litigation against the Public Trustee may result or have been started. They involve potential claims for damages to the value of \$1.8 million inclusive of court costs. These claims however, have not been finalised and 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 2012.

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.

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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

The Public Trustee has entered into a property lease for six floors in 553 Hay street building, which is a non-cancellable lease with a 10 year term, with rent payable monthly in advance. Rent provision within the lease agreement require that the minimum lease payments shall be increased by 4% per annum. There is no option to extend the lease after the end of the term. Lease with the second property – 565 Hay Street, has been discontinued.

Property Lease Commitments	2012	2011
	\$	\$
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:		
Within 1 year	2,490,939	1,293,915
Later than 1 year and not later than 5 years	10,999,480	3,629,600
Later than 5 years	11,845,812	5,415,882
	25,336,231	10,339,397
Representing :		
Cancellable operating leases	-	472,055
Non-cancellable operating leases	25,336,231	9,867,342
Future finance charges on finance leases		-
	25,336,231	10,339,397

17. Impairment of assets

There were no indications of impairment to assets at 30 June 2012. The Public Trustee held no goodwill or intangible assets with an indefinite useful life during the reporting period. 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 2012.

18. Financial instruments

18(a) Financial risk management objectives and policies

Financial instruments held by the Public Trustee are cash and cash equivalents, receivables 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 and Trustee Companies Legislation Amendment Act 2008*.

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

Credit risk

Credit risk arises when there is the possibility of the Public Trustee's receivables defaulting on their contractual obligations resulting in financial loss to the Public Trustee.

The maximum exposure to credit risk at the end of the reporting period in relation to each class of recognised financial assets is the gross carrying amount of those assets inclusive of any allowance for impairment as shown in the table at note 18(c) 'Financial instruments disclosures'.

Credit risk associated with the Public Trustee's financial assets is minimal because the State Government guarantees all financial assets of the Common Account in terms of s42 *Public Trustee Act 1941*. For receivables other than Government, 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, receivable balances are monitored on an ongoing basis with the result that the Public Trustee's exposure to bad debts is minimal. At the end of the reporting period there were no significant concentrations of credit risk.

The only investment is the investment in the Common Account, which includes cash term deposits with banks the lowest credit rating being A2 and two buildings. Term deposits are not considered a credit risk.

There has been no change from the previous period in respect of exposure to credit risk.

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.

The building at 553 Hay Street has been an asset of the Common Account since August 2008. The majority of the Common Account portfolio is in liquid form with an average daily balance of \$12 million held in 24 hour at call account with Western Australian Treasury Corporation (WATC) and an average daily balance of \$1239 million in term deposits with banks. The liquidity is monitored by the Financial Analyst, the Manager Finance and the Director Business Services. There has been no change from the previous period in respect of exposure to liquidity risk.

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 s39 *Public Trustee Act 1941*; exposure to interest rate risk is limited to short term deposits and cash. 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 maximum 70% of total term deposits and A1 and A2 are maximum 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.

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:

	2012	2011
	\$	\$
Financial Assets		
Cash - Investment in Common Account	27,727,658	31,555,167
Debtors	53,473	41,190
Financial Liabilities		
Accrued fees payable to Consolidated Account	1,706,059	633,798
Creditors	15,243	17,430

The items above exclude GST amounts payable and/or receivable from the ATO.

18(c) Financial instrument disclosures

Credit risk

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.

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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.

Ageing analysis of financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired				More than 5 years \$'000	Impaired financial assets \$'000
			Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000		
2012								
Financial Assets								
Cash - Investment in Common Account	27,728	27,728	-	-	-	-	-	-
Debtors	53	53	-	-	-	-	-	-
	27,781	27,781						
2011								
Financial Assets								
Cash - Investment in Common Account	31,555	31,555	-	-	-	-	-	-
Debtors	41	41	-	-	-	-	-	-
	31,596	31,596						

Liquidity risk and interest rate exposure

The following table details the Public Trustee's interest and contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets and financial liabilities

	Weighted average effective interest rate %	Carrying amount \$'000	Interest rate exposure			Nominal amount \$'000	Maturity dates				
			Fixed Interest rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000		Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2012											
Financial Assets											
Cash – Investment in Common account	6.21%	27,728	-	27,728	-	27,728	-	-	-	-	27,728
Debtors		53	-	53	-	53	53	-	-	-	-
		27,781	-	27,781	-	27,781	53	-	-	-	27,728
Financial Liabilities											
Accrued fees		1,706	-	1,706	-	1,706	1,706	-	-	-	-
Creditors		15	-	15	-	15	15	-	-	-	-
		1,721	-	1,721	-	1,721	1,721	-	-	-	-

Interest rate exposure

Maturity dates

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	Weighted average effective interest rate %	Carrying amount \$'000	Fixed Interest rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000	Nominal amount \$'000	Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2011											
Financial Assets											
Cash – Investment in Common account	6.47%	31,555	-	31,555	-	31,555	-	-	-	-	31,555
Debtors		41	-	41	-	41	41	-	-	-	-
		31,596	-	31,596	-	31,596	41	-	-	-	31,555
Financial Liabilities											
Accrued fees		634	-	634	-	634	634	-	-	-	-
Creditors		17	-	17	-	17	17	-	-	-	-
		651	-	651	-	651	651	-	-	-	-

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%)		+100 Basis Points (+1%)	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2012					
Financial Assets					
Cash - Investment in Common Account	27,728	(277)	(277)	277	277
2011					
Financial Assets					
Cash - Investment in Common Account	31,555	(316)	(316)	316	316

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.

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.

22. Explanatory statement

22(a) Significant variations between current 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.

	2012 \$	2011 \$	Variance \$ + / (-)	Variance % + / (-)
Expenses				
Write offs	479,710	328,747	150,963	46%
Employee benefits expense	13,422,031	12,121,460	1,300,571	11%
Depreciation	1,030,427	550,428	479,999	87%
Administration expenses	3,872,723	3,228,978	643,745	20%
Accommodation expenses	2,244,939	1,029,586	1,215,353	118%
Corporate service expenses	1,989,581	2,421,378	(431,797)	(18%)
Income				
Fees paid to Consolidated Account	15,376,869	12,567,000	2,809,869	22%
Surplus Common Account Interest paid to Consolidated Account	3,789,762	1,185,000	2,604,762	220%
Other revenue and reserves paid to Consolidated Account	7,580,513	4,195,516	3,384,997	81%
Income from state Government				
Resources received free of charge	21,817,632	18,757,326	3,060,306	16%

Write offs

The write off includes a large settlement of \$450,000 that had previously been recognised as a contingent liability.

Employee benefits

Employee benefits increased due to annual increment in award agreement and natural increment in provisions for leave, especially for long service leave.

Depreciation

Leasehold improvements have been added to the list of depreciable assets after the Public Trustee moved into newly renovated premises at 553 Hay street.

Administration Expense

The increment of 20% is mainly due to costs associated with relocation such as telephone system upgrade and various low value assets. There has also been an increase in costs of legal advice in relation to several matters, cost of which is included in the contingent liability disclosure.

Accommodation Expense

The Public Trustee entered into a new property lease for six floors in the 553 Hay Street building at the end of 2010-2011 financial year. This is a non-cancellable lease with a 10-year term. The lease with the second property, 565 Hay Street, has been discontinued. This explains significant increase in the accommodation costs in comparison with previous year.

Corporate Expenses Allocation

The decrease in corporate services costs allocated by the Department of the Attorney General, mainly relates to lower than in previous year insurance and licensing costs.

Fees paid to Consolidated account

In addition to the stated annual agreement amount of \$13,764,000 payable to the Consolidated account, the Public Trustee contributed \$1.6 million.

Surplus Common Accounts Interest paid to Consolidated Account

Greater than prior year Surplus Common Account interest was budgeted and paid to the Consolidated Account in line with self-funding initiative.

Other revenue and reserves paid to Consolidated Account

The payment is 81% greater than in previous year due to reimbursement of the capital expenditure to the Consolidated Account from the Business Development Reserve. This is in accordance with the Annual Agreement 2012.

Resources received free of charge from the Department of Attorney General

The variance is caused by budget increases received during the year.

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

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.

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	2012 Estimate \$	2012 Actual \$	Variation \$ + / (-)	Variation % + / (-)
Expenses				
Write offs	20,000	479,710	459,710	2299%
Depreciation	351,235	1,030,427	679,192	193%
Administration expenses	1,887,781	3,872,723	1,984,942	105%
Accommodation expenses	3,583,340	2,244,939	(1,338,401)	(37%)
Fees paid to Consolidated Account	13,764,000	15,376,869	1,612,869	12%
Other revenue and reserves paid to Consolidated Account	5,832,900	7,580,513	1,747,613	30%
Income				
Fees raised from Estates & Trusts	9,016,018	10,091,684	1,075,666	12%
Public Trustee's 6% fee from Common Account	2,815,653	4,624,576	1,808,923	64%
Receipts from Common Account	3,500,000	5,789,762	2,289,762	65%
Surplus Interest				
Interest revenue	605,000	1,790,486	1,185,486	196%
Department of the Attorney General				
Corporate revenue	292,090	639,073	346,983	119%

Write offs

The write off include a large settlement of \$450,000 that had previously been recognised as a contingent liability.

Depreciation

The depreciation estimate first submitted to Department of the Attorney General in 2010 and finalised in March 2011 did not included depreciation for the leasehold improvements completed in March 2012.

Administration Expense

The increment is mainly due to under budgeted costs associated with relocation and contract staff.

Accommodation Expense

The Public Trustee has entered into a new property lease for six floors in 553 Hay street building, which is a non-cancellable lease with a 10-year term. The rental expenses for these new premises have been overestimated due to a decline in market rental rates.

Fees paid to Consolidated account

In addition to the stated annual agreement amount of \$13,764,000 payable to the Consolidated account, the Public Trustee contributed \$1.6 million.

Other revenue and reserves paid to Consolidated Account

The variance is due to the fact, that the capital expenditure payment to the Department of the Attorney General from the Business Development reserve did not include increased approved capital expenditure.

Fees raised from estates and trusts

Greater than anticipated fees collection is due to favourable affect of deceased estate changed fee structure, which is now based on units of efforts required rather than dollar value of estates. Budget has been understated due to timing of when the estimates were done.

Public Trustee's 6% fee from Common Account

The Public Trustee was awarded an \$872million court trust in December 2009. The award was fully invested in the Common Account, along with subsequent interest maturities, and the Public Trustee continued to draw a 6% fee on the income earned in the 2011-12 financial year, which was larger than initially estimated.

Receipts from Common Account Surplus Interest

Increased revenue from Common Account investments, such as 553 Hay Street and the funds invested from the Bell Group trust, account for this variance. These were not budgeted due to timing issue when the budget estimates were originally completed.

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 was under budgeted in April 2012. As such, the funds remained in reserves most of the year earning income.

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.

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Statement of Estates and Trusts being administered as at 30 June 2012: NET TRUST ASSETS UNDER ADMINISTRATION WERE:

	Note	2012 \$	2011 \$
ESTATES AND TRUSTS			
Deceased Estates		200,608,551	229,669,345
Direct Action		3,257,420	3,049,068
Entitled Trusts		281,167,557	286,347,783
Protected Management		311,481,342	270,811,169
Testamentary Trusts		62,946,884	65,201,115
Power of Attorney		25,525,726	34,475,111
Trusts		984,468,713	969,003,360
Safe-care		1,146,512	780,477
NET TRUST ASSETS		<u>1,870,602,705</u>	<u>1,859,337,428</u>
Investments in Common Account	24(g)	1,258,893,747	1,242,261,745
Investments in Strategic Common Accounts	25(a)	132,067,109	143,125,827
Bank deposits		77,387,740	68,167,198
Equities	23(a)	24,039,069	26,813,963
Unit Trusts	23(a)	5,951,251	6,706,013
Life Policies	23(b)	1,443,719	1,632,483
Real Estate	23(c)	372,183,107	369,322,923
Other Assets	23(d)	30,857,854	29,116,757
Total Investment and Loan Assets		<u>1,902,823,596</u>	<u>1,887,146,909</u>
TOTAL TRUST ASSETS		<u>1,902,823,596</u>	<u>1,887,146,909</u>
CURRENT LIABILITIES			
Creditors		16,843,615	16,230,922
Loans		1,483,450	1,216,212
Mortgages – Deceased estates		2,776,670	2,554,814
Total Current Liabilities		<u>21,103,735</u>	<u>20,001,948</u>
NON CURRENT LIABILITIES			
Mortgages – Trust estates		11,117,156	7,807,533
Total Non Current Liabilities		<u>11,117,156</u>	<u>7,807,533</u>
TOTAL TRUST LIABILITIES		<u>32,220,891</u>	<u>27,809,481</u>
NET TRUST ASSETS		<u>1,870,602,705</u>	<u>1,859,337,428</u>

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 2012 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.

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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 2012

	Note	2012	2011
		\$	\$
EXPENSES			
Investment expenses		2,987,202	2,703,437
Interest paid to Estates and Trusts	24(e)	64,609,959	62,080,406
Decrement from revaluation of investment properties		147,916	3,871,291
Total expenses before payments to Public Trustee		67,745,077	68,655,134
6% income fee paid to the Public Trustee		4,624,576	4,471,605
Interest paid to the Public Trustee		1,790,486	1,666,067
Surplus Common Account Interest paid to the Public Trustee		5,789,762	6,308,687
Total expenses		79,949,901	81,101,493
INCOME			
Income on Investments		80,063,462	77,221,689
Doubtful Debts recovered		-	11,910
Total income		80,063,462	77,233,599
NET PROFIT/(LOSS)	24(i)(ii)	113,561	(3,867,894)
SURPLUS/(DEFICIT) FOR THE YEAR		113,561	(3,867,894)
OTHER COMPREHENSIVE INCOME/(LOSS)		-	-
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR		113,561	(3,867,894)

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

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24(b) PUBLIC TRUSTEE COMMON ACCOUNT STATEMENT OF FINANCIAL POSITION As at 30 June 2012

	Note	2012 \$	2011 \$
ASSETS			
Current Assets			
Cash at Bank	24(i)(i)	7,823,822	9,623,393
Cash Equivalents	24(i)(i)	1,231,228,953	1,227,820,257
Debtors	24(f)	5,638,246	14,566
Accrued Income		5,189,574	4,855,351
Property – Buildings held for sale	24(f)	23,750,000	23,750,000
Total Current Assets		1,273,630,595	1,266,063,567
Non-Current Assets			
Property – Buildings	24(f)	46,754,658	41,500,000
Total Non-Current Assets		46,754,658	41,500,000
TOTAL ASSETS		1,320,385,253	1,307,563,567
LIABILITIES			
Current Liabilities			
Fees & Accrued Taxation		228,481	408,920
Creditors		11,150	204,281
Public Trustee Funds	13(a)	27,727,658	31,555,167
Accrued Interest due to Estates and Trusts		15,575,169	15,297,965
Total Current Liabilities		43,542,458	47,466,333
Non-Current Liabilities			
Estates & Trusts under Administration	24(g)	1,258,893,747	1,242,261,745
TOTAL LIABILITIES		1,302,436,205	1,289,728,078
NET ASSETS		17,949,048	17,835,489
EQUITY			
Common Account Investment reserve	24(h)(i)	14,782,380	14,782,380
Retained earnings	24(h)(ii)	3,166,668	3,053,109
TOTAL EQUITY		17,949,048	17,835,489

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

Disclosures & legal compliance

**24(c) PUBLIC TRUSTEE COMMON ACCOUNT
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2012**

	Note	2012 \$	2011 \$
Balance of equity at start of year		17,835,489	21,703,383
RESERVES			
Common Account Investment reserve			
Balance at start of year		14,782,380	14,782,380
Transfers from reserves		-	-
Transfers to reserves		-	-
Balance at end of year	24(h)(i)	14,782,380	14,782,380
RETAINED EARNINGS			
Balance at start of year		3,053,109	6,921,003
Total comprehensive income/(loss) for the year		113,561	(3,867,894)
Changes in reserves		-	-
Balance at end of year	24(h)(ii)	3,166,668	3,053,109
Balance of equity at end of year		17,949,048	17,835,489

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

Disclosures & legal compliance

**24(d) PUBLIC TRUSTEE COMMON ACCOUNT
STATEMENT OF CASH FLOWS
For the year ended 30 June 2012**

	Note	2012 \$	2011 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Income on investments		79,362,421	77,144,451
Doubtful debts recovered		-	11,910
Payments			
6% income fee paid to Public Trustee		(4,624,576)	(4,471,605)
Interest paid to Estates and Trusts		(64,332,755)	(60,863,387)
Interest paid to Public Trustee		(1,790,486)	(1,666,067)
Investment expenses		(2,987,202)	(2,703,437)
Net cash provided by operating activities	24(i)(ii)	5,627,402	7,451,865
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from maturing mortgages		-	1,000,000
Payment for building purchase and improvements		(10,852,572)	(4,121,291)
Net cash provided by/(used in) investing activities		(10,852,572)	(3,121,291)
CASH FLOWS FROM ESTATES, TRUSTS & PUBLIC TRUSTEE			
Surplus Common Account Interest paid to Public Trustee		(5,789,762)	(6,308,687)
Common Account Reserves paid to Public Trustee		-	-
Movement in Public Trustee's liability		(3,827,510)	4,042,480
Movement in Estates and Trusts		16,451,567	80,197,849
Net cash provided by estates, trusts & Public Trustee		6,834,295	77,931,642
Net increase in cash and cash equivalents		1,609,125	82,262,216
Cash and cash equivalents at the beginning of period		1,237,443,650	1,155,181,434
Cash and cash equivalents at the end of period	24(i)(i)	1,239,052,775	1,237,443,650

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

Disclosures & legal compliance

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*.

	2012	2011
	\$	\$
Interest paid to Estates and Trusts	<u>64,609,959</u>	<u>62,080,406</u>

24(f) Investments (Common Account)

	2012	2011
	\$	\$
At fair value:		
Land and Building – Current Assets	23,750,000	23,750,000
Land and Building – Non-Current Assets	46,754,658	41,500,000
	<u>70,504,658</u>	<u>65,250,000</u>

At 30 June 2012 the PT Common Account owns two investment properties, comprising of the freehold property at 565 Hay Street and the leasehold property at 553 Hay Street. In March 2012 the PT fully vacated 565 Hay Street in anticipation of its sale. This sale was finalised on 2 July 2012 for the agreed market value of \$23,750,000 (ex GST). The PT Common Account entered into a simultaneous purchase agreement to purchase the land consisting of part Lot 23, being the land underneath the building at 553 Hay Street, resulting in freehold title for the building and land at 553 Hay Street. A bank cheque for this purchase was raised prior to 30 June 2012 for \$5,450,000 (ex GST) with the property transfer taking place post 30 June on 2 July 2012, this amount is recognised in Debtors.

The Public Trustee is holding the property at 553 Hay St for long-term rental yields. The property is 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 usually provided annually by a third party to ensure that the carrying amount does not differ materially from the asset's fair value at the end of the reporting period. The valuations are performed on the basis of current market values of the freehold interest in the land and buildings, encumbered by the existing leases.

Land and buildings were revalued as at 30 April 2011 by Graham Kennedy FAPI (Reg no 43). The Valuations were performed on market value basis.

Disclosures & legal compliance

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

	2012	2011
	\$	\$
Carrying amount at beginning of year	23,750,000	25,000,000
Additions and capital improvements	147,915	55,220
Revaluation (decrement)/increment	(147,915)	(1,305,220)
Carrying amount at end of year	<u>23,750,000</u>	<u>23,750,000</u>

Property at 553 Hay Street

	2012	2011
	\$	\$
Carrying amount at beginning of year	41,500,000	40,000,000
Additions and capital improvements	5,254,658	4,066,071
Revaluation decrement	-	(2,566,071)
Carrying amount at end of year	<u>46,754,658</u>	<u>41,500,000</u>

Debtors

	2012	2011
	\$	\$
Land under 553 Hay street	5,450,000	-
Rent receivable for Common account properties	188,246	14,566
	<u>5,638,246</u>	<u>14,566</u>

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.

	2012	2011
	\$	\$
Activity		
Safe-care	479,153	-
Deceased Estates	48,450,597	59,590,021
Direct Action	2,247,597	2,150,247
Entitled Trusts	99,634,612	94,576,735
Protected Management	99,994,376	96,663,767
Testamentary Trusts	30,542,696	30,581,098
Power of Attorney	8,506,643	9,731,922
Trusts	969,038,072	948,967,955
Total estates and trusts under administration	<u>1,258,893,747</u>	<u>1,242,261,745</u>

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 2011-12 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.

	2012	2011
	\$	\$
Common Account Investment Reserve		
Opening balance	14,782,380	14,782,380
LESS Transfer from Reserves	-	-
ADD Transfer to Reserves	-	-
Closing balance	14,782,380	14,782,380

24(h)(ii) Retained earnings

	2012	2011
	\$	\$
Opening balance	3,053,109	6,921,003
Surplus/(Deficit)	113,561	(3,867,894)
Transfers from reserves	-	-
Transfer to reserves	-	-
Closing balance	3,166,668	3,053,109

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 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:

	2012	2011
	\$	\$
Cash at bank	7,823,822	9,623,393
Cash Equivalents	1,231,228,953	1,227,820,257
Cash & Cash Equivalents	1,239,052,775	1,237,443,650

Disclosures & legal compliance

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

	2012	2011
	\$	\$
Surplus/(Deficit)	113,561	(3,867,894)
<i>Non-cash items:</i>		
Payments to Public Trustee	5,789,762	6,308,687
(Increment)/Decrement from revaluation of investment	147,916	3,871,291
<i>Decrease /(Increase) in assets:</i>		
Debtor	(173,683)	41,955
Accrued income	(334,227)	(303,937)
<i>(Decrease)/Increase in liabilities:</i>		
Creditors	(193,131)	184,744
Accrued interest	277,204	1,217,019
Net cash provided by operating activities	5,627,402	7,451,865

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.

Disclosures & legal compliance

Market risk

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

The Common Account's investments are authorised 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 no mortgages. 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:

	2012	2011
	\$	\$
Financial Assets		
Cash at bank	7,823,822	9,623,393
Cash Equivalents	1,231,228,953	1,227,820,257
Debtors	188,246	14,566
Accrued income	5,189,574	4,855,351
Financial Liabilities		
Payables	239,631	613,201
Public Trustee Funds	27,727,658	31,555,167
Accrued Interest due to Estates and Trusts	15,575,169	15,297,965
Estates & Trusts under Administration	1,258,893,747	1,242,261,745

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.

Ageing analysis of financial assets

	Carrying amount	Not past due and not impaired	Past due but not impaired					Impaired financial assets
			Up to 1 month	1-3 months	3 months to 1 year	1-5 years	More than 5 years	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
2012								
Financial Assets								
Cash at Bank	7,824	7,824	-	-	-	-	-	-
Cash Equivalent	265,000	265,000	-	-	-	-	-	-
Cash								
Equivalent	966,229	966,229	-	-	-	-	-	-
Receivables	188	188	-	-	-	-	-	-
Accrued interest receivable	5,189	5,189	-	-	-	-	-	-
	1,244,430	1,244,430						
2011								
Financial Assets								
Cash at Bank	9,623	9,623	-	-	-	-	-	-
Cash Equivalent	285,000	285,000	-	-	-	-	-	-
Cash								
Equivalent	942,820	942,820	-	-	-	-	-	-
Receivables	15	15	-	-	-	-	-	-
Accrued interest receivable	4,855	4,855	-	-	-	-	-	-
	1,242,313	1,242,313						

Disclosures & legal compliance

Liquidity risk and interest rate exposure

The following table details the Public Trustee's interest and contractual maturity analysis of financial assets and financial liabilities. The maturity analysis section includes interest and principal cash flows. The interest rate exposure section analyses only the carrying amounts of each item.

Interest rate exposure and maturity analysis of financial assets

	Weighted average effective interest rate %	Carrying amount \$'000	Interest rate exposure			Nominal amount \$'000	Maturity dates				
			Fixed Interest rate \$'000	Variable Interest Rate \$'000	Non-interest bearing \$'000		Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	More than 5 years \$'000
2012											
Financial Assets											
Cash at Bank	3.95%	7,824	-	7,824	-	7,824	7,824	-	-	-	-
Cash Equivalent	5.22%	265,000	-	265,000	-	265,000	70,000	140,000	55,000	-	-
Cash Equivalent	4.66%	966,229	-	966,229	-	966,229	-	966,229	-	-	-
Receivables	-	188	-	-	188	188	188	-	-	-	-
Accrued interest receivable	-	5,189	-	-	5,189	5,189	1,801	3,327	61	-	-
		1,244,430		1,239,053	5,377	1,244,430	79,813	1,109,556	55,061	-	-
2011											
Financial Assets											
Cash at Bank	5.03%	9,623	-	9,623	-	9,623	9,623	-	-	-	-
Cash Equivalent	5.90%	285,000	-	285,000	-	285,000	70,000	145,000	70,000	-	-
Cash Equivalent	5.67%	942,820	-	942,820	-	942,820	-	942,820	-	-	-
Receivables	-	15	-	-	15	15	15	-	-	-	-
Accrued interest receivable	-	4,855	-	-	4,855	4,855	1,554	3,254	47	-	-
		1,242,313	-	1,237,443	4,870	1,242,313	81,192	1,091,074	70,047	-	-

Disclosures & legal compliance

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.

Maturity analysis is not provided due to nature of liabilities. Trust and estate liabilities comprise of deceased estates and trusts in various stages of administration and it is impractical to establish finalisation date for these cases. Public Trustee Funds liability represents value of the Public Trustee investment in the Common Account and there is no maturity date for this item.

Interest rate exposure of financial liabilities

	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		
2012							
Financial Liabilities							
Payables		240	-	-	240	-	-
Public Trustee Funds	6.21	27,728	-	27,728	-	-	-
Accrued Interest Estates & Trusts		15,575	-	-	15,575	-	-
Estates & Trusts:							
Estates	3.00	48,456		48,456			
Trusts & Other	3.50	49,014		49,014			
Trusts & Other	4.50	151,745	-	151,745	-	-	-
Trusts & Other	5.00	55,051		55,051			
Trusts & Other	4.38	955,205		955,205			
Trusts & Other	5.50	(578)		(578)			
Total Financial Liabilities		1,302,436	-	1,286,621	15,815	-	-
2011							
Financial Liabilities							
Payables		613	-	-	613	-	-
Public Trustee Funds	6.47	31,555	-	31,555	-	-	-
Accrued Interest Estates & Trusts		15,298	-	-	15,298	-	-
Estates & Trusts:							
Estates	3.00	59,422		59,422			
Trusts & Other	3.50	42,690		42,690			
Trusts & Other	5.00	145,569	-	145,569	-	-	-
Trusts & Other	5.50	61,769		61,769			
Trusts & Other	5.27	932,812		932,812			
Total Financial Liabilities		1,289,728	-	1,273,817	15,811	-	-

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.

	Carrying amount \$'000	-100 Basis Points (-1%)		+100 Basis Points (+1%)	
		Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2012					
Financial Assets	1,239,053	(12,390)	(12,390)	12,390	12,390
Financial Liabilities	1,286,621	12,866	12,866	(12,866)	(12,866)
2011					
Financial Assets	1,237,443	(12,374)	(12,374)	12,374	12,374
Financial Liabilities	1,273,817	12,738	12,738	(12,738)	(12,738)

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 current 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.

	2012 \$	2011 \$	Variance \$	Variance %
Expenses				
Investment Expenses	2,987,202	2,703,437	283,765	10.5%
Decrement from Revaluation on Common Account Investments	147,916	3,871,291	(3,723,375)	96.2%

Investment Expenses

The investment expenses relate to the operational costs for the Common Account Properties. The increase is mainly attributable to the property management fee for negotiation of new long-term lease of 553 Hay Street.

Decrement from Revaluation on Common Account Investments

The reduction is due to a decrement on the revaluation of the Public Trustee Building in June 2011 (refer to notes 2(b) and 24 (f))

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*. Because the Trust's redemption unit price is based on different valuation principles to that applied in financial reporting, a valuation difference exists.

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.

	2012	2011
	\$	\$
Activity		
Deceased Estates	3,490,857	-
Entitled Trusts	111,391,775	125,027,567
Protected Management	12,242,098	12,664,449
Power of Attorney	2,771,839	2,976,291
Trusts	1,503,182	1,677,044
Safe-care	667,358	780,477
Total estates and trusts under administration	<u>132,067,109</u>	<u>143,125,828</u>

**25(b) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS
STATEMENTS OF CHANGES IN NET ASSETS
For the year ended 30 June 2012**

2012	Cash	Conserv- ative	Growth	Growth Plus	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Assets at the beginning of the reporting period	-	18,229	114,028	2,141	134,398
Applications	-	150	900	-	1,050
Redemptions	-	(805)	(2,362)	-	(3,167)
		17,574	112,566	2,141	132,281
Expenses					
Trustee's fees	-	94	573	10	677
Custody fees	-	30	173	5	208
Total expenses	-	124	746	15	885
Investment Income					
Interest income	-	-	2	-	2
Trust distributions	-	948	4,365	60	5,373
Net gains/(losses) on financial instruments held at fair value through profit or loss	-	(28)	(4,276)	(155)	(4,459)
Other income	-	72	380	8	460
Total net investment income/(loss)	-	992	471	(87)	365
Profit/(loss) before finance costs attributable to unit holders	-	868	(275)	(102)	491
Financing costs attributable to unit holders					
Distributions to unit holders	-	946	4,033	53	5,033
Increase/(decrease) in net assets attributable to unit holders	-	(78)	(4,308)	(155)	(4,542)
Net Assets at the end of the reporting period	-	17,496	108,258	1,986	127,739

**PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS
STATEMENTS OF CHANGES IN NET ASSETS
For the year ended 30 June 2011**

2011	Cash	Conserv- ative	Growth	Growth Plus	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Assets at the beginning of the reporting period	-	17,057	112,945	1,913	131,915
Applications	-	1,350	6,095	1,000	8,445
Redemptions	-	(233)	(7,079)	(750)	(8,062)
	-	18,174	111,961	2,163	132,298
Expenses					
Trustee's fees	-	94	613	9	716
Custody fees	-	31	185	5	221
Total expenses	-	125	798	14	937
Investment Income					
Interest income	-	-	2	-	2
Trust distributions	-	1,190	8,329	143	9,662
Net gains/(losses) on financial instruments held at fair value through profit or loss	-	77	2,687	2	2,766
Other income	-	70	403	7	480
Total net investment income/(loss)	-	1,337	11,421	152	12,910
Profit/(loss) before finance costs attributable to unit holders	-	1,212	10,623	138	11,973
Financing costs attributable to unit holders					
Distributions to unit holders	-	(1,157)	(8,556)	(160)	(9,873)
Increase/(decrease) in net assets attributable to unit holders	-	55	2,067	(22)	2,100
Net Assets at the end of the reporting period	-	18,229	114,028	2,141	134,398

25(c) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS
STATEMENTS OF NET ASSETS
As at 30 June 2012

2012	Cash \$'000	Conserv- ative \$'000	Growth \$'000	Growth Plus \$'000	Total \$'000
Assets					
Cash and Cash equivalents	-	-	-	-	-
Receivables	-	829	3,612	46	4,484
Financial assets held at fair value through profit or loss	-	17,529	108,180	1,983	127,689
Total assets	-	18,358	111,792	2,029	132,179
Liabilities					
Distributions payable	-	841	3,442	42	4,325
Payables	-	21	92	1	114
Total liabilities (excluding net assets attributable to unit holders)	-	862	3,534	43	4,439
Net assets attributable to unit holders - liability	-	17,496	108,258	1,986	127,740
2011					
2011	Cash \$'000	Conserv- ative \$'000	Growth \$'000	Growth Plus \$'000	Total \$'000
Assets					
Cash and Cash equivalents	-	6	35	1	42
Receivables	-	1,100	7,531	136	8,767
Financial assets held at fair value through profit or loss	-	18,227	114,091	2,139	134,457
Total assets	-	19,333	121,657	2,276	143,266
Liabilities					
Distributions payable	-	1,082	7,531	133	8,746
Payables	-	22	98	2	122
Total liabilities (excluding net assets attributable to unit holders)	-	1,104	7,629	135	8,868
Net assets attributable to unit holders - liability	-	18,229	114,028	2,141	134,398

Performance Indicators

Certification of Performance Indicators For the year ended 30 June 2012

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 2012.

A handwritten signature in black ink, appearing to read 'Brian Roche', written in a cursive style.

Brian Roche BBus MMgt

Accountable Authority

11 September 2012

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 and acts as trustee or financial administrator pursuant to the orders of courts or tribunals. It also administers the estates of people who die with or without a Will, in accordance with the terms of the Will or the relevant law and under the authority of the Supreme Court. The Public Trustee offers high quality, personalised trustee services to meet the needs of all sectors of the Western Australian community.

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 2012 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 2011 calendar year; and
- had telephone and mail contact details available.

Disclosures & legal compliance

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

	2008	2009	2010	2011	Target
Extent to which trust management services meet the needs of customers	74%	88%	84%	85%	80%

1.2 The percentage of Western Australian deceased estates administered by the Public Trustee

The Public Trustee offers a secure value for money alternative for administration of deceased estates in Western Australia. This ensures that trustee services are accessible to people in the state. The percentage of deceased estates administered by the Public Trustee indicates the use being made of the service and therefore the overall accessibility of trustee services to Western Australians.

The indicator represents the number of deceased estate files reported as a percentage of the number of adult deaths in Western Australia.

The Public Trustee aimed to reach a target of 8.5%. There have been no changes in the target since previous year.

	2008/09	2009/10	2010/11	2011/12	Target
Percentage of Western Australian deceased estates administered by the Public Trustee	8.5%	7.5%	6.9%	5.4%	8.5%
Number of adult deaths in WA	12,552	12,572	12,397	12,837	NA
Number of new deceased estates administered	1,071	941	853	691	NA

The lower than target result is largely due to the decline in the number of deceased estates administered due to the Public Trustee increasing the threshold to \$20,000 to allow beneficiaries to informally administer the estates themselves.

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 2012, the Public Trustee administered 1537 estates that named the Public Trustee as executor. The Public Trustee's market share for this period was 12%.

Disclosures & legal compliance

There have been no changes in the target since previous year.

	2008/09	2009/10	2010/11	2011/12	Target
Extent to which Public Trustee maintains a market share in drawing Wills naming the Public Trustee as executor	11%	11%	12%	12%	12%
Number of adult deaths in WA	12,552	12,572	12,397	12,837	NA
Number of estates in which the Public Trustee had prepared a Will.	1,366	1,334	1,470	1,537	NA

1.4 Percentage of estates finalised within 12 months

This indicator provides a measure of success from a client's perspective, of the average time taken to administer an estate. This indicator was agreed to by the Trustee Corporations Association of Australia as a base indicator of efficiency.

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 6.7 months, based on the date of final completion.

	2008/09	2009/10	2010/11	2011/12	Target
Percent of estates finalised within 12 months of being reported					
Within 12 months	63%	60%	59%	60%	67%
Within 9 months	48%	45%	44%	45%	55%
Within 6 months	30%	29%	27%	26%	36%

1.5 The percentage of clients who have services provided by the Public Trustee under a community service obligation (CSO)

In addition to providing affordable services thereby making trustee services more accessible, the Public Trustee provides services free of charge, or at a reduced cost, to clients who cannot afford them. This further increases the accessibility of trustee services by ensuring that all Western Australians have access to trustee services.

The proportion of services provided free of charge or at a reduced cost under the Public Trustee's community service obligation program is a measure of the extent to which the Public Trustee supports the accessibility of trustee services.

There have been no changes in the target since previous year.

Disclosures & legal compliance

	2008/09	2009/10	2010/11	2011/12	Target
The percentage of clients who have services provided by the Public Trustee under a CSO	N/A	47.4%	43.3%	42.8%	35%
Number of CSO files managed	N/A	2,462	2,284	2,308	1,820

The higher than target result is due to an increase in number of clients being referred to the Public Trustee from the State Administrative Tribunal. The majority of these referrals fall into the Community Service Obligation category hence increasing the client base in this group.

Efficiency Indicators

1.6 Cost per trust managed

This indicator measures the average cost of managing a trust. It is calculated by dividing the full cost of providing trust management services by the number of trusts under management.

	2008/09	2009/10	2010/11	2011/12	Target
Cost per trust managed	\$1,515	\$1,707	\$1,788	\$2,008	\$1,991
Number of trusts managed	5,093	5,190	5,279	5,395	5,250

1.7a Cost per deceased estate administered

This indicator measures the average cost per deceased estate administered. It is calculated by dividing the full cost of the deceased estate service by the number of estates for the year.

	2008/09	2009/10	2010/11	2011/12	Target
Cost per deceased estate administered	\$2,090	\$2,168	\$2,458	\$2,920	\$2,509
Number of deceased estates administered	3,281	3,198	2,985	2,947	3,200

The higher than target result is due to a decline in the number of deceased estates administered in the past two financial years and an increase in expenditure. The decline in the number of deceased estates is largely due an increase in threshold to \$20,000 to allow beneficiaries to informally administer the estates themselves. The increase in expenditure is partly due to higher depreciation costs for leasehold improvements.

1.7b Cost per Will prepared

This indicator measures the average cost per Will prepared. It is calculated by dividing the full cost of the Wills service by the number of Wills prepared for the year.

Disclosures & legal compliance

	2008/09	2009/10	2010/11	2011/12	Target
Cost per Will prepared	\$356	\$426	\$505	\$715	\$498
Number of Wills prepared	3,650	3,481	3,337	2,862	3,900

The higher than target result is due to resources being used to implement the Wills review system. This required staffing and technological resources to meet the needs of the modern day client and resulted in lower number of appointments made during the implementation.

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.

1.8(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**
	%	%	%	%	%	%
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	N/A
2011	3.00	3.50, 5.00, 5.50 & 5.27	3.50, 5.00 & 5.50	3.70	0.00	N/A
2012	3.00	3.50, 4.50, 5.00 & 4.38	3.50, 4.50 & 5.00	2.20	0.00	N/A

(*Rates effective as at 30 June)

(**As published on the Reserve Bank of Australia Website. Cash Management Trust earning rate are no longer published in the RBA website)

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

1.8(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.

Disclosures & legal compliance

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:

	2008/09	2009/10	2010/11	2011/12
	%	%	%	%
Treasury Earning Rate	5.59	4.18	5.03	3.95
CMT Benchmark Rate	4.85	3.76	4.66	3.89
Public Trustee Common Account	6.43	5.90	6.47	6.21

In the twelve months to 30 June 2012, the Public Trustee Common Account (excluding the funds of a significant court award) achieved a net return of 6.21% (6.47% in 2011) on the investment of the funds comprising the Common Account. Average funds under management for the year to 30 June totalled \$362 million (\$351 million in 2011) with an additional average of \$957 million (\$913 million in 2011) held in trusts for a specific court award.

Efficiency Indicators

1.8(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 2012 the total average value of the Common Account for the year was \$1,319 billion (\$1,265 billion in 2011), with a further \$132 million (\$143 million in 2011) invested in the financial market in the Strategic Common Accounts and \$30 million (\$34 million in 2011) in managed funds on behalf of individual clients.

The cost of managing these funds in 2012 was \$463,968* or 0.03% of the mean value of the total funds under management. Comparatives to previous financial years are as follows:

	2008/09	2009/10	2010/11	2011/12
Cost of managing funds*	\$428,601	\$454,832	\$362,721	\$462,968
Percentage of funds under management.	0.09%	0.04%	0.03%	0.03%

(* 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)
Building relocation	2012	7,434	0	7,434

Employment and Industrial Relations Staff Profile

The current full time equivalent (FTE) level in the Public Trustee is 153.3, compared with 151.6 in 2010/11 and represents an increase of 1.2%. The Public Trustee had four Aboriginal/Torres Strait Islander employees as at 30 June 2012.

	2009/10	2010/11	2011/12
Full-time permanent	124	136	134
Full-time contract	19	8	9
Part-time measured on an FTE basis	6.26	5.6	58.3
On secondment	1	2	2
Staff FTE	150.26	151.6	153.3

Disclosures & legal compliance

Staff Profile by Gender

	2009/10	2010/11	2011/12
	Male/Female	Male/Female	Male/Female
Professional	1.8/9.8	6.6/9.8	7/11.7
Clerical	70/68.66	68/67.2	67.8/66.8
Total	71.8/78.46	74.6/77	74.8/78.5

Workforce Profile

	2009/10	2010/11	2011/12
Business Development	8	15.4	14.4
Business Services	17	17.8	20.6
Executive/Administration	4	5.6	3.6
Corporate Support	12	11	12
Legal	12.2	11.8	10.7
Trustee Services	97.06	90.0	92
Total	150.26	151.6	153.3

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 nine employees access the service for an average of 2.88 sessions, compared to nine during 2010/11.

Wellness program

The Wellness Program was adopted as an ongoing staff initiative in 2009. The committee-run program coordinated the following activities:

- Weekly stretch exercise class
- Yoga Health class
- Weekly 15 minute health consultations that include Mini Healthy Heart Checks (HHCs), blood pressure readings and personalised dietary and exercise programs
- Lunchtime Corporate Sports through Corporate Challenge

Disclosures & legal compliance

- Talks on various health topics
- Fortnightly fruit deliveries
- Monthly seated massage
- Participation in community and charity events such HBF Run for a Reason and Bike to Work, Cool Night Classic and Nissan Corporate Triathlon

These activities have continued to be well supported by staff and provided a boost in the general health, wellbeing and morale of staff.

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 1,435 hours (191.3 days) of in-house (64%) and externally-provided (36%) training.

Training	2009/10	2010/11	2011/12
External	1,173	537	520
Internal	5,872	1,618	915
Total	7,045	2,155	1,435

Workers Compensation

Three compensation claims of a minor nature and no claims of a severe nature were recorded. This compares with two compensation claims of a minor nature and none of a severe nature (more than 60 days absence from work) recorded for the previous financial year.

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 annual agreement 2011/12

The Public Trustee's Scale of Fees pursuant to section 38A(1) of the Act was gazetted on 29 June 2011 in the Western Australian Government Gazette #110.

In compliance with s. 6B of the *Public Trustee Act 1941*, the following is a summary of the 2011/12 agreement between the Attorney General and the Public Trustee covering the period 1 July 2011 to 30 June 2012.

Consolidated Account

If the total fees collected by the Public Trustee:

- do not exceed \$13,764,000, then all of those fees shall be paid to the Consolidated Account;
- exceed \$13,764,000, then a minimum of \$13,764,000 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 a number of uses including 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; credit at least \$3,490,000 of the balance of interest received; and expects to collect and retain surplus fees of \$3,500,000 in the Business Development Reserve.

The Public Trustee shall pay \$6,141,000 from the Business Development Reserve to the Consolidated Account.

Disclosures & legal compliance

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

- pay the costs of implementing new business services;
- meet shortfalls in estimated retained revenue;
- self-fund any shortfall in budgeted recurrent expenditure;
- pay costs of reviewing the Wills function and establish and maintain an automated Wills drawing application;
- pay the costs of refurbishing, refitting and relocating to 553 Hay Street, Perth; and
- pay other costs of implementing the *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 3,500,000 referred to previously).

Strategic Common Accounts

The Public Trustee shall 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).

Disclosures & legal compliance

Other Legal Requirements

Estimates 2013 - Statement of Comprehensive Income

For the year ended 30 June 2013

	ESTIMATES 2013 \$	ACTUAL 2012 \$
COST OF SERVICES EXPENSES		
Write offs	20,000	479,710
Employee benefits expense	14,727,000	13,422,031
Depreciation Expense	1,445,000	1,030,427
Administration expenses	1,400,000	3,872,723
Accommodation expenses	3,545,000	2,244,939
Corporate service expenses	2,179,000	1,989,581
Total expenses before payments to Consolidated Account	23,316,000	23,039,411
Fees paid to Consolidated Account	12,483,000	15,376,869
Surplus Common Account Interest paid to Consolidated Account	5,651,000	3,789,762
Other Revenue and Reserves paid to Consolidated Account	2,615,000	7,580,513
Total cost of services	44,065,000	49,786,555
INCOME		
Fees raised from Estates and Trusts	10,675,000	10,091,684
Public Trustee 6% fee from Common Account	1,260,000	4,624,576
Management Fee from Strategic Common Account	548,000	604,313
Receipts from Common Account Surplus Interest	5,500,000	5,789,762
Interest revenue	1,800,000	1,790,486
Other Revenue	25,000	25,820
Total Income other than income from State Government	19,808,000	22,926,641
Net Cost of Service before Income from State Government	(24,257,000)	(26,859,914)
INCOME FROM STATE GOVERNMENT		
Recoups and other revenue from the Department of the Attorney General	155,000	742,069
Resources received free of charge from the Department of the Attorney General	23,141,000	21,817,632
Total income from State Government	23,296,000	22,559,701
SURPLUS/(DEFICIT) FOR THE PERIOD	(961,000)	(4,300,213)
OTHER COMPREHENSIVE INCOME		
	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(961,000)	(4,300,213)

Disclosures & legal compliance

Estimates 2013 - Statement of Financial Position

As at 30 June 2013

	ESTIMATES 2013	ACTUAL 2012
	\$	\$
ASSETS		
Current Assets		
Cash – Investment in Common Account	26,246,000	27,727,658
Debtors	-	294,669
Total Current Assets	<u>26,246,000</u>	<u>28,022,327</u>
TOTAL ASSETS	<u>26,246,000</u>	<u>28,022,327</u>
LIABILITIES		
Current Liabilities		
Accrued Fees Payable to Consolidated Account	-	1,706,059
Tax liabilities	200,000	-
Creditors	-	15,241
Total Current Liabilities	<u>200,000</u>	<u>1,721,300</u>
TOTAL LIABILITIES	<u>200,000</u>	<u>1,721,300</u>
NET ASSETS	<u>26,046,00</u>	<u>26,301,027</u>
EQUITY		
Indemnity reserve	9,251,000	9,353,013
Business Development reserve	9,780,000	11,554,273
Retained Earnings	7,015,000	5,393,741
TOTAL EQUITY	<u>26,046,000</u>	<u>26,301,027</u>

Disclosures & legal compliance

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 \$115,252.33
- Expenditure was incurred in the following areas:

Advertising and marketing expenditure			
Advertising agencies	\$2,845.00	Orange Design	\$2,845.00
Market research organisations	\$18,931.99	Survey Monkey	\$286.99
		Pattersons Market Research	\$18,645.00
Polling organisations	0		
Direct mail organisations	0		
Media advertising	\$93,475.34	Adcorp Australia	\$69,525.91
		West Australian Regional Newspaper	\$656.36
		Community Newspaper Myaree	\$600.08
		Sensis - Yellow Pages	\$4,965.28
		White Pages	\$11,519.00
		Government Gazette	\$70.91
		DPS Publishing P/L	\$2,947.80
		Australian Senior Publications	\$700.00
		Chung Wah Magazine	\$2,490

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 20010/13 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 2011/12:

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 351 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.

Wills Week Community Awareness seminars were organised with the accessibility needs of the attendees considered.

Outcome 2:

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

The independent audit conducted prior to the 553 Hay St building approval included access standards greater than required under legislation to assist the specific needs of clients of the Public Trustee.

The final stage of the Public Trustee's office relocation program occurred without incident in March 2012. The new premises include improved disability access on all Public Trustee floors and purpose-built customer service facilities on the ground floor for Wills, Estate and Trust clients, and capacity to hold large group public seminars on the 1st floor. The accommodation is above standard accessibility requirements under legislation and addresses the specific needs of the general public and Public Trustee clients and staff

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 provide access to Auslan interpreters as required.

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 has a regular program of stakeholder visits to key stakeholder organisations including disability support organisations.

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



Brian Roche BBus MMgt

PUBLIC TRUSTEE

Accountable Authority

11 September 2012

Recruitment, Selection & Appointment Standard

Fourteen 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 445 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.

	2009/10	2010/11	2011/12
Advertised vacancies	17	24	14
Appointment Pools	4/253	5/109	4/223

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.

Every two years all Public Trustee employees are required to undertake 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.

This year saw 144 staff attend Bullying and Conflict Management training and there were no reports of non-compliance with the Code of Conduct.

Recordkeeping Plans

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.

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 and a submission for a new five-year plan is expected to be submitted by the DotAG by 31 August 2012.

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 has complied with the State Records Commission's compliance requirements and a further destruction of records was completed during 2011/12.

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

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

During 2011/12 an impact assessment tool was developed as a practical way to ensure the Public Trustee is providing the best possible services to the diverse communities in Western Australia, and in particular Aboriginal and ethnic minority groups. The assessment promotes equality and awareness of the rights of diverse service users and is a way to think about the impact of policies, practices and procedures on all Western Australians before these policies are rolled out.

As part of a pilot study, the review process of all Public Trustee policy and procedure now includes specific attention to ensure that existing and new policies and procedures promote sensitivity to the different needs of client groups and eliminate systemic racial discrimination.

Occupational, Safety, Health and Injury Management

The Public Trustee is committed to occupational safety and health and injury management and has an Occupational Safety and Health Committee 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 quarterly safety audits and report on and resolve issues where the safety and health of employees may be at risk.

Committee activities included:

- A process of consultation between Management and the OSH Committee on the review of the new accommodation plans;
- OSH safety inspection of 553 Hay Street, Perth Levels 5 and 8; and
- Continuation of the employer-funded vaccination program.

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

Disclosures & legal compliance

	2009/10	2010/11	2011/12
Number of fatalities	0	0	0
Lost time injury/disease (LTI/D) incidence rate	0.38	0	0
Lost time injury severity rate	57% ¹⁰	0	0
Percentage of injured workers returned to work within 26 weeks	100%	78% ¹¹	100%
Percentage of managers trained in OHS and injury management	< 50%	<50%	81%

¹⁰ The variance in lost time injury severity rate is due to a significant reduction in overall claims resulting from the implementation of an early intervention program addressing injured workers needs prior to the determination of their claims.

¹¹ 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.

The Public Trustee welcomes feedback and comments on its 2008/09 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 2008/09 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:

Employee Legal Government Client
 Employer Professional Service Provider Other

Thank you for taking the time to complete this form

Alternatively, press

and forward completed form to:

Executive Officer
Public Trustee
Reply Paid M946
PERTH WA 6843