



Government of **Western Australia**
Department of Justice



Public Trustee

Public Trustee Annual Report 2017/18



STATEMENT OF COMPLIANCE

For the year ended 30 June 2018

HON. JOHN R. QUIGLEY LLB JP MLA
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 reporting period ended 30 June 2018.

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

Michael Bowyer LLB
Acting Public Trustee

10 September 2018



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OVERVIEW

Executive Summary

The Public Trustee is a Statutory Authority that provides a range of Will, Deceased Estate Administration and Trustee services that are available to all Western Australians.

Self-funding was achieved for the seventh consecutive financial year. It is important that the Public Trustee retains a strong financial position so that services remain accessible throughout the community, regardless of ability to pay, and Business Development Reserves are used to fund investment in technological upgrades.

The Public Trustee manages net assets of around \$1.2 billion, including the assets of 5,882 trust clients, many of whom were referred by the State Administrative Tribunal because of a decision making impairment that might make them vulnerable to financial mismanagement or abuse.

The increasing prevalence of people in the community who are losing the capacity to manage their own legal and financial affairs, through disability, head injury, mental illness or other cognitive impairment such as substance abuse or dementia, continues to drive exponential growth in new clients where the Public Trustee has been appointed administrator. The Agency is also responsible for examining the accounts of private financial administrators.

Elder abuse remains in the spotlight with strong support for law reform and community education, support and prevention. The Public Trustee will continue to play an active role in helping to minimise the incidence of financial elder abuse, as well as helping to bring to account the perpetrators of financial abuse.

The 'PT2020 & Beyond' project continued to create an office-wide culture of proactive and innovative thinking, continuous improvement and transformational change. Initiatives explore and respond to changing client and stakeholder needs, as well as plan for impacts of sector/market developments such as aged care reforms, NDIS, parliamentary enquiries and changes to transactional processes with

Centrelink, ATO, Landgate, banks and other organisations.

Several cost saving and efficiency improvement projects were completed including innovations in accounts payable; automation of receipting invoices; upgrades to client correspondence management within the Agency's Management and Trust Environment (MATE) application; the acceleration and benchmarking of probate applications; and the realignment of roles, resources and business structures to modern day requirements. The Legal Directorate created and implemented a purpose-built, in-house Will-making system and online legal knowledgebase to support the increasing need to provide legal services for clients and advice to law makers and other stakeholders.

Despite increased demand for services, satisfaction levels remain high, with independent research finding that 81% of clients feel the Public Trustee met their needs.

The Public Trustee conducts educational activities throughout WA to aid community awareness and accessibility of services. As the lead organisation for Wills education in WA, there continues to be strong demand for community education. The Public Trustee emphasises the importance of planning ahead, with the large number of sessions offered during WA Will Week, Seniors Week and Law Week being fully booked.

Public Trustee storage and giving options, WA Will Bank and Give2Good Foundation, continue to be well used and supported.

Lastly, I would like to express appreciation to Public Trustee staff for their hard work and dedication in performing the difficult role administering the financial and legal affairs of vulnerable and grieving Western Australians. I also thank the Director General for his leadership and his Department's continued support of the Public Trustee.

Michael Bowyer LLB
Acting Public Trustee



Public Trustee

Fast Facts (as at 30 June 2018)



STATUTORY AUTHORITY

created to
administer the *Public Trustee Act 1941*
& *Public Trustee Regulations 1942*



Provides high quality and
ACCESSIBLE trustee and
asset management services to the
Western Australian community



Continued to manage the affairs
of **5,882 TRUST
CLIENTS**



Acquired **890 NEW
TRUST CLIENTS**
(including 725 referred by the State
Administrative Tribunal)



Wrote **2,523 WILLS**



Employed **161 STAFF**
(59% Female, 41% Male)



Submitted **515 PROBATE**
applications



Achieved **81%** client
satisfaction



Managed assets valued at
\$1.2 BILLION



Celebrated
77 YEARS of service



Examined **1,761
ACCOUNTS** for Private
Administrators of SAT orders



Stored **121,571** Wills safely in
the WA Will Bank



Achieved
SELF-FUNDING



Identified **79 CASES**
of alleged elder abuse



Increased charitable endowments
through bequests & donations to
Give2Good Foundation

Operational Structure

The Public Trustee delivers services through five directorates and seventeen business units.

1. Directorate: Trustee Services

Trust Management

Trust managers act as trustee, manager, donee, substitute trustee or administrator for people who are unable to manage their own financial affairs. Administering trusts may include setting up investment portfolios, collecting income, determining budgets and attending to the client's accommodation and transport needs.

Deceased Estates Administration

Estate managers administer estates where the Public Trustee is appointed executor, as well as estates where executors have died or renounced. The Public Trustee also administers assets frozen or confiscated by the Director of Public Prosecutions and some estates where a person has died intestate (without a Will). Estate managers also manage testamentary trusts as well as provide guidance to beneficiaries of smaller estates to aid them to administer the estate themselves.

When someone passes away and no family members or friends are prepared to arrange the funeral, the deceased becomes an 'unclaimed body'. Estate managers arrange for the deceased to receive an appropriate funeral using the Public Trustee's contracted service provider.

Private Administrator Support

Staff assist private administrators to understand their role and responsibilities, provide technical advice regarding the preparation of annual accounts, and examine annual accounts submitted by these administrators.

2. Directorate: Legal Services

The Legal directorate provides legal services including probate, property, commercial, debt recovery, personal injuries and family law so the Public Trustee can perform its duties as trustee, administrator, attorney and executor.

In-house lawyers often conduct their own litigation, appearing in the Courts and the State Administrative Tribunal. Legal work is also outsourced to private practitioners where appropriate.

Lawyers and paralegals also provide professional Will drafting and safe custody services to Western Australians who appoint either the Public Trustee or another person as Executor of their Will. Will drafting services include appointments at the Perth city office, a telephone service to remote regions and a 'Wills on Wheels' service to clients confined to their home/care facility due to infirmity.

3. Directorate: Business Development & Marketing

Business Development

Business Development is responsible for leading strategic developments and managing changes within the office, such as the PT2020 initiative.

Marketing & Communications

Marketing staff are responsible for research, public education, advertising and promotion, website and publications, engagement with clients and stakeholders, and new business development initiatives such as the WA Will Bank and Give2Good Foundation.

4. Directorate: Business Services

Investments

The Investments Team manage assets and invest funds to meet clients' immediate and long-term needs. The team also manage the sale and purchase of properties on behalf of trust and deceased estate clients.

Taxation Services

Registered tax agents prepare, review and lodge income tax returns for trust and estate administration clients.

Business Support

The Business Support Team process trust and estate clients' payments and receipts. The team manages the secure storage of the WA Will Bank and is responsible for records administration. The team also coordinate Freedom of Information applications and Registry searches for client properties.

5. Directorate: Corporate Support

Finance

The Finance team manage the Public Trustee Bank Account and are responsible for operational and Common Account payments and receipts.

The team provide financial data to the Corporate Executive, including monthly operational reports and expenditure forecasts, quarterly key performance indicator analysis, budget analysis, budget statement preparation, and financial models and reports on the sustainability of services.

Systems & Technology

Technical staff maintain the day-to-day operational support of Information Technology systems and deliver a number of key strategic projects.

Training & Development

The Training and Development team assess training needs and develop and deliver in-house training and induction programs as well as coordinate external professional development enrolments. The team also manage periodic reviews of Public Trustee policies and procedures.

Contracts Management

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

Human Resources

Human Resources provide recruitment and employment advice to management and staff and coordinate the Employee Development system, workers' compensation and performance management.

Internal Audit

Internal Audit review key business processes endorsed through the Risk Management and Audit Committee and provide recommendations for existing processes and suggestions for further process improvements. The findings and recommendations assist the Office of the Auditor General in his end of year review.

A summary of the performance of each unit appears in [Report on Operations](#).



Public Trustee Wills Reception

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 pays for administrative support from the Department of Justice (DoJ).

Responsible Minister

Honourable John R. Quigley LLB JP MLA
Attorney General.



Public Trustee Vision, Role, Values

The Public Trustee's vision is to be a trusted organisation recognised for professionalism, integrity, and respect and 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 CLIENT-FOCUSED SERVICE

We exist for our diverse group of clients who have varied needs. We deliver credible and professional services 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 communication and decisions. We take responsibility for our behaviours, which are governed by the legal system, agreed standards and codes.

5 PROFESSIONAL AUTONOMY

We respect and nurture differing professional attributes and the rights of our people to professionally provide objective, frank and fearless advice to our clients and the community.

4 COLLABORATION AND LEARNING

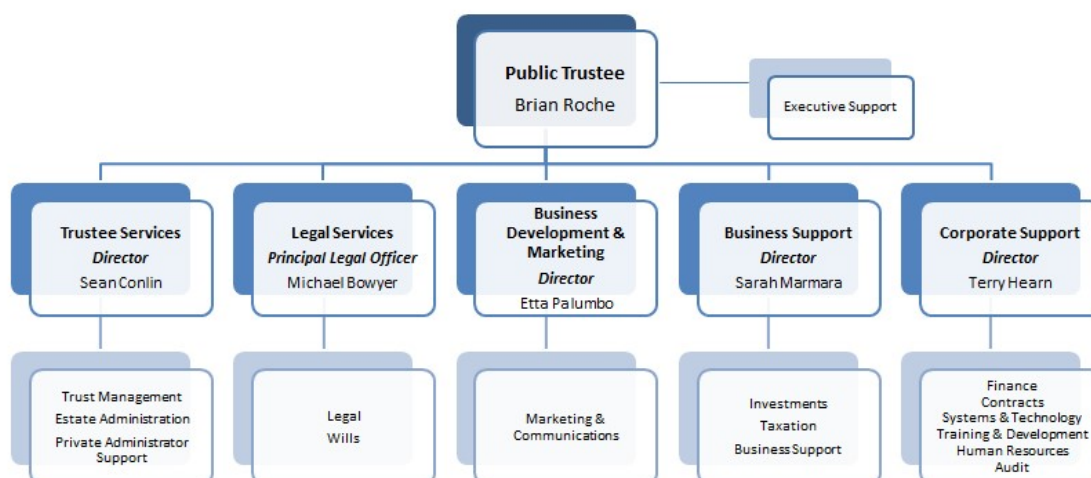
Our people take pride in their work and we value their contribution. We review and recognise the knowledge, skills and capabilities of our people and teams and we support their ongoing learning and development.

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.



Organisational Structure



Corporate Executive Committee Profiles



Brian Roche



Sean Conlin



Michael Bowyer

Public Trustee, Brian Roche BBus, MMgt has 26 years senior management experience in the public and private sectors. Prior to his appointment as the Public Trustee of Western Australia he was a senior executive at the Department of Treasury. Brian is currently a Board member of the Brightwater Care Group. Brian has been a board member of the Art Gallery of Western Australia and of Alzheimer's Australia (Western Australia).

Director Trustee Services, Sean Conlin BBus, Grad Dip Acct, CA has 19 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 26 years legal advisory experience in the public sector and is a member of the Law Society's Elder Law and Succession Committee.

Corporate Executive Committee Profiles



Etta Palumbo



Terry Hearn



Sarah Marmara

Director Business Development & Marketing, Etta Palumbo BPsych, MAICD, FLWA has 14 years professional services marketing experience and 19 years research, strategic planning and communications experience in the public and private sectors. Etta is a Chairman of the Board for Swancare Group.

Director Corporate Support, Terry Hearn BBus, Assoc Dip Bus has 41 years financial and management accounting experience in both the public and private sectors, including 33 years in public sector management.

Director Business Services, Sarah Marmara BBus (Acct), CPA has 26 years management, financial services and accounting experience in both the public and private sectors. This includes 15 years public sector management and accounting experience.



Public Trustee Brian Roche delivers a staff briefing

Administered Legislation

The Attorney General and the Public Trustee administer the [Public Trustee Act 1941](#) and the [Public Trustee Regulations 1942](#).

Other key legislation impacting on Public Trustee activities

In the performance of its functions, the Public Trustee is subject to relevant written laws including:

Western Australian Laws

- [Aboriginal Affairs Planning Authority Act 1972](#)
- [Administration Act 1903](#)
- [Auditor General Act 2006](#)
- [Corruption and Crime Misconduct Act 2003](#)
- [Criminal Property Confiscation Act 2000](#)
- [Equal Opportunity Act 1984](#)
- [Financial Management Act 2006](#)
- [Freedom of Information Act 1992](#)
- [Guardianship and Administration Act 1990](#)
- [Family Provision Act 1972](#)
- [Legal Profession Act 2008](#)
- [Non-contentious Probate Rules 1967](#)
- [Occupational Safety and Health Act 1984](#)
- [Public Interest Disclosure Act 2003](#)
- [Public Sector Management Act 1994](#)
- [Public Trustee Act 1941](#)
- [Public Trustee Regulations 1942](#)
- [Rules of the Supreme Court 1971](#)
- [State Administrative Tribunal Act 2004](#)
- [State Records Act 2000](#)

- [Trustees Act 1962](#)
- [Unclaimed Money Act 1990](#)
- [Wills Act 1970](#)
- [Workers' Compensation and Injury Management Act 1981](#)

Commonwealth Laws

- [Australian Securities and Investments Commission Act 2001](#)
- [Australian Charities and Not-for-profits Commission Act 2012](#)
- [Income Tax Assessment Act 1936](#)
- [Income Tax Assessment Act 1997](#)
- [Income Tax Assessment \(1936 Act\) Regulation 2015](#)
- [International Tax Agreements Act 1953](#)
- [Income Tax Rates Act 1986](#)
- [Social Security Act 1991](#)
- [Superannuation Industry \(Supervision\) Act 1993](#)
- [Taxation Administration Act 1953](#)
- [Tax Agent Services Act 2009](#)

Performance Management Framework

The Public Trustee focuses on the goals of responsible financial management, achieving results in key service delivery areas for the benefit of all Western Australians and ensuring economic activity is managed in a socially and environmentally responsible manner.

These three goals and the specific outcomes delivered for each goal are summarised below.

Further information on the outcomes, achievements and future challenges relating to each goal is outlined in the remainder of the annual report.

Outcome Based Management Framework

Financial and Economic Responsibility: responsible financial management through the efficient and effective delivery of services, encouraging economic activity and reducing regulatory burdens on the private sector.

Desired outcome	Services	Indicators
Achieve earning rate that maximises the investment potential of the fund within acceptable prudential levels	Investments Financial analysis	1.8(a) Common Account Earning Rate 1.8(b) Public Trustee's Common Account Performance vs WA State Treasury and CMT Benchmark Earning Rates (net basis); and 1.8(c) Common Account Investment Cost per \$ Invested

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

Desired outcome	Services	Indicators
Achieve high quality and accessible services that meet the needs of the community	Trust Management Deceased Estates Wills Private Administrator Support (PAS)	1.1 Extent to which trustee services meet the needs of clients 1.2 Percentage of Western Australian deceased estates administered 1.3 Percentage of estates finalised within 12 months 1.5 Cost per trust managed 1.6 Cost per deceased estate administered 1.7 Cost per Will prepared

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

Desired outcome	Services	Indicators
Provide services free of charge or for a fee that does not cover the cost of the service to those who cannot afford to pay	Trust Management PAS Legal Wills WA Will Bank Give2Good Foundation	1.4 Percentage of clients who have services provided by the Public Trustee under an operating subsidy rebate

Changes to Outcome Based Management Framework

The Public Trustee's Outcome Based Management Framework did not change during 2017/18.

Shared Responsibilities with Other Agencies

The Public Trustee did not share any responsibilities with other agencies in 2017/18. 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 the elderly and 'at risk' Western Australians.

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 Government agencies and private sector community organisations including Advocare, Department of Communities, Department of Health, Legal Aid Western Australia, Office of the Public Advocate and Western Australia Police.

The Public Trustee is also a member of the Advance Care Planning cross agency consortium coordinated by Palliative Care WA, which includes the Office of the Public Advocate, Department of Health, Council of the Ageing Western Australia, Silver Chain and a broad range of other Government and community organisations.



Joint community education seminar with the Department of Communities and the Office of the Public Advocate

AGENCY PERFORMANCE

Report on Operations

Trustee Services

Demand for core services continued the increasing trend.

	2016/17	2017/18
New trusts	872	890
New court trusts	146	112
Total trusts	5,720	5,882

	2016/17	2017/18
New SAT orders	693	725
Total SAT clients	3,795	4,079
SAT reviews	969	833

	2016/17	2017/18
Probate applications	507	515

	2016/17	2017/18
Account examinations	1,334	1,761

	2016/17	2017/18
New investigations alleging elder abuse (aged 65 or older)		
Trust Management Clients	48	77
Private Administrator Support Clients	3	2
TOTAL	51	79

Trust Management

The total number of trusts on hand increased to 5,882, an increase of 3% over the previous year.

The total number of new clients, including appointments by the State Administrative Tribunal (SAT), was 890, 2% more than the previous year. SAT referred 725 new cases to the Public Trustee, a 5% increase over last year's figure of 693.

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 who may have dementia, an intellectual disability, mental illness, acquired brain injury or substance abuse issues, and who are susceptible to neglect, abuse or exploitation.

The number of new court trusts for the year from the District Court and the Assessor of Criminal Injuries Compensation decreased to 112 mainly due to a reduction in the amount of Criminal Injuries Compensation clients. The size of these trusts varies from thousands of dollars to millions of dollars.

SAT also reviewed 833 administration orders for which the Public Trustee was the appointed administrator.

There were 79 new investigations alleging elder abuse (aged 65 or older), which represents a 55% increase on last year.

Estate Management

The number of applications to the probate division of the Supreme Court made by the Public Trustee increased to 515, compared to 507 for the previous year.

Private Administrator Support (PAS)

PAS conducted 1,761 account examinations where total assets exceeded \$1,193 million.

The Public Trustee worked closely with the Office of the Public Advocate to present four training seminars for newly appointed private administrators.

Agency Performance

Legal Services

This directorate has two business areas - General Legal and Wills.

Matters	2016/17	2017/18
New	263	271
Finalised	262	289
On hand	587	569

	2016/17	2017/18
Wills	2,456	2,523

Legal

As at 30 June 2018, the Legal directorate had 569 legal matters on hand (not including Wills, estate distributions, standard probate and conveyancing applications and various other routine and minor matters). It received 271 new matters and finalised 289 matters during the year.

A significant proportion of the legal matters result in court actions, including in the Supreme Court.

Most matters concern issues arising from the administration of the estates of Represented Persons, deceased estates and trusts. They include recovery of misappropriated assets and proving Wills in contentious circumstances.

The Public Trustee has captured much of its legal knowledge in one online, indexed document.

Wills

In 2017/18, 2,523 Wills were executed.

The majority of Wills are drafted and executed at the end of each 1.5-2 hour Will consultation.

The Public Trustee has created and implemented a flexible, easy-to-use, purpose-built, in-house Will-making system.



Senior Legal Officer Yasmin Salleh presents a seminar on Enduring Powers of Attorney

Agency Performance

Business Development & Marketing

The Business Development & Marketing directorate aims to raise community awareness, understanding and accessibility of Public Trustee services.

WA Will Bank	2016/17	2017/18
Deposits	1,208	1,065

Public Education	2016/17	2017/18
Public Seminars	26	32
Seminar Attendees	1,582	2,048

WA Will Bank

The Public Trustee's free Will storage service maintains its value, with 1,065 Wills deposited in 2017/18.

121,571 Wills are actively managed and safely stored in the Public Trustee's WA Will Bank, leading to reduced incidence of lost Wills and lower levels of intestacy for Western Australians.

Marketing & Communications

Business development and marketing initiatives were minimal during 2017/18 due to continued high demand for services and to allow a reduction in wait list times, particularly for the preparation of Wills. Marketing and communications activities focused on:

- WA Will Week, Carers Week, Law Week and Seniors Week community education.
- Financial Elder Abuse Prevention Seminar and Public Awareness Campaign.
- 32 Wills and Deceased Estates public seminars attracting 2,048 attendees.
- Information sessions to community groups, professional service providers and Government agencies relating to the role of the Public Trustee, Financial Administration and Elder Abuse.
- Professional development sessions for funeral directors and other stakeholder groups.
- Community education sessions targeted at awareness of elder abuse run during World Elder Abuse Awareness Day.

Client satisfaction research revealed 81% of clients felt the Public Trustee was meeting their needs well (6+ out of 10).

Public Trustee 2020 & Beyond

The Public Trustee's PT2020 & Beyond project aims to improve or transform services to better align them with modern day and future client needs. This will help the Public Trustee to achieve service excellence and allow staff more quality time with clients.

The PT2020 & Beyond project team consists of staff from all areas of the Public Trustee and draws on their ideas and experience. The innovations produced by the team are future focused and have helped improve efficiencies throughout the Public Trustee. Innovations to date have been incrementally introduced. Research and scoping of major projects has commenced where there is an identified need for transformational change in service delivery and technology. Projects include paperless workplace, automation and digitization of processes, a major upgrade to existing client management system and consideration regarding its eventual replacement over the next decade.

Give2Good Foundation

The Public Trustee's Give2Good Foundation has been an attractive giving mechanism for testators wanting to leave a charitable bequest.

Give2Good is an easy, secure, cost-effective and convenient vehicle that enables everyday Western Australians to make a lasting difference in their community during their lifetime and beyond.

Donations and bequests are made to Give2Good in the form of endowed funds, which accumulate to form a corpus of funds intended to be invested indefinitely. Over time, Give2Good will add to the Public Trustee's total funds under management and to the pool of charitable funds distributed.

Business Services

Funds under management	2016/17 \$,000s	2017/18 \$,000s
Common Account	285,215	298,930
PTIFs	226,040	233,270
Bank deposits	168,075	161,233
Equities	43,848	40,775
Unit trusts	10,236	7,625
Life policies	3,677	1,582
Real estate	439,690	429,956
Other assets	48,352	54,941
TOTAL	1,225,132	1,228,312

Fund type	30/6/17 \$,000s	30/6/18 \$,000s
Cash	Nil	Nil
Conservative	42,119	37,896
Growth	173,876	178,514
Growth Plus	2,819	2,969
TOTAL	218,814	219,379

	2016/17	2017/18
Properties sold	150	173
Value \$,000s	\$62,228	\$74,866

Common Account

The Common Account operates as a cash management account with funds available at call. As at 30 June 2018 the Public Trustee managed \$280 million in short term deposits and banks rated A2 to A1+, \$21 million in Cash managed by the Western Australian Treasury Corporation, and a CBD building valued at \$36.4 million.

Clients received interest distributions higher than average market returns for 2017/18.

Public Trustee Investment Funds (PTIFs)

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

Property Function

During 2017/18 the Investments Team sold 173 properties for a total value of \$74.8 million, of the sales there were 17 Auctions totalling \$18 million.

Taxation Services

The Taxation business area actioned 1,624 client files and lodged 1,406 income tax returns in 2017/18.

Agency Performance

Corporate Support

This directorate provides finance, information technology, training and development, contract management, internal audit and human resources services.

	2016/17	2017/18
Operational budget	\$22.3 million	\$22.7 million
Revenue budget	\$23.9 million	\$24.6 million

Common Account	30/6/17	30/6/18
Balance	\$13.5 million	\$21 million
Total \$ value of receipts/disbursements during the year	\$1,594 million	\$1,351 million

Finance

The Public Trustee had an operational expenditure budget of \$22.7 million and a revenue budget of \$24.6 million, a 1.8% and a 3% increase respectively from the previous financial year.

The Public Trustee Common Account Bank Account averaged a daily balance of \$16 million.

Systems & Technology

Continued significant efforts and liaison with business areas as part of the PT2020 initiative, resulted in improvements to the Management and Trust Environment (MATE) application in 2018. The development and introduction of new screens, functionality and modules provided business benefits to Trustee Services, Business Support and Finance areas.

Recent upgrades to the PTARS Security Application, development of Exception Reporting for Trusts and telephony migration to TIPT, along with hardware and software upgrades has meant a lot of work and good delivery outcomes for business. All these combined assist in improving client interface and services.

Business improvement projects, such as PT2020 and Beyond, will ensure continued identification and delivery of further improvements to MATE by simplifying and automating business processes in line with Federal and State initiatives.

The drive to introduce technology innovations to reduce cost and simplify process will continue in 2018/19.

Contract Management

The Public Trustee procures and awards contracts for corporate and client needs and does so in accordance with the relevant procurement authority and policy.

Contracts extended during the year included Pest & Treatment Services, Funeral Services, Financial Planning & Portfolio Brokerage Services, Property Management Services, Residential Property Repair, Inspection & Maintenance Services and MATE Support & Maintenance.

No exemption from competitive requirements were granted during 2017/18.

Internal Audit

As the appointed contract audit provider, William Buck conducted three reviews that identified many areas of strength and highlighted opportunities for both further improvement and corrective action to address and strengthen internal controls.

The reviews focused on Taxation, Corporate Governance and Financial Management.

Achievements

During 2017/18 the Public Trustee achieved the following outcomes, which are additional to its normal day-to-day activities:

- Revenues before income from State Government \$25.4M, in line with budget and up 3% from last year.
- Fees paid to Consolidated Account \$19.6M, in line with budget and up 5% from last year.
- Provided a range of Operating Subsidies (Community Service Obligation) valued at \$19.2M at no cost to Government.
- Maintained strong financial performance with operating surplus of \$2.9M.
- Designed and developed a new customised Will writing system in anticipation of the current propriety system becoming obsolete.
- Restructured parts of the Trust Management Team to enable creation of new teams and roles that better align with changing needs of clients and changing business processes.
- Developed and implemented a digitised payments system that receives and presents PDF invoices for payment. The digital invoice attaches to the MATE payment transaction for viewing and audit purposes, and has saved 63,000 pieces of paper being printed since introduction in September 2017.
- Introduced client receipt automation, for Finance to process Trust and Estate clients' Direct Deposits, eliminating significant manual processing and spreadsheet cross referencing.
- Modified Centrelink's fortnightly upload, preventing transactions from being posted to a suspense account.
- Digitised the annual review process for the 750 clients invested in PTIF products. The new functionality controls the review, recommendation and approval processes, eliminating paper files and spreadsheets.

Looking Ahead in 2018/19

The Public Trustee will:

- Continue to research and invest in innovation and technology developments to take advantage of cost savings from digital advances and in preparation for digital disruption affecting business practices (e.g. stakeholders moving to online payments and online applications).
- Further enhance client service by responding to modern day needs, and updating and simplifying the way it engages with its clients.
- Continue to engage and collaborate with stakeholders and improve inter-organisational communication for the benefit of mutual clients.
- Continue office-wide structure, business process and risk management reviews to identify more efficient, flexible and productive ways of delivering service.
- Be market focused, relevant and commercially aware in policy setting and decision making.
- Prepare for and promote the transition of Give2Good Foundation from funds accumulation to funds distribution.
- Promote community service initiatives including WA Will Bank and WA Will Week.
- Explore new services, markets or investment opportunities to grow funds under management.

Actual Results versus Budget Targets

A detailed explanation of the significant variations between actual and target is presented at Note 22(a) of the Notes to the Financial Statements.

Financial Targets	Target	Actual	Variation
Total cost of services (expense limit) (\$,000s)	22,406	23,632	1,226
Total comprehensive income (\$,000s)	(709)	(2,919)	2,210
Approved full-time equivalent staff	164	160	(4)

Summary of Key Performance Indicators

Detailed performance indicator information relating to the services provided by the Public Trustee appears at the end of this report.

Key Performance Indicators	Target	Actual	Variation
1.1 Extent to which trust management services meet the needs of customers	85%	81%	(\$4%)
1.2 Percentage of Western Australian deceased estates administered by the Public Trustee	4.0%	4.4%	0.4%
1.3 Percentage of estates finalised within 12 months of being reported	64%	60%	(4%)
1.4 Percentage of clients who have services provided by the Public Trustee under an operating subsidy	50%	56%	6%
1.5 Cost per trust managed	\$1,855	\$1,808	(3%)
1.6 Cost per deceased estate administered	\$2,579	\$2,815	9%
1.7 Cost per Will prepared	\$670	\$653	(3%)
1.8 (a) Return from Common Account for clients	n/a	0.25%-2%	n/a
1.8 (b) Common Account earning rate	n/a	3.52%	n/a
1.8 (c) Common Account investment cost/\$ invested	n/a	0.09%	n/a

Significant Issues Impacting the Agency

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

Demographics of future client base

In the 50 year period between 2012 and 2061, Western Australia's population is projected to increase by 263%, while the population of people aged 65 years and over is projected to increase by 439%¹.

This demographic change, together with trends such as the increasing prevalence of mental illness, growth in blended families, breakdown of family relationships and spiralling drug and alcohol addictions, continue to increase demand for trustee services.

Other factors such as the increasing incidence of dementia, financial elder abuse 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 services.

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

Financial performance

Record low interest rates, falling property prices and volatile share market prices affect the investment performance the Public Trustee achieves on funds invested on behalf of clients. The prolonged downturn in shares decreased the return on investments of some Public Trustee clients with long-term needs.

The lower returns, together with higher costs of living and wage increases for service providers such as carers, impacts on many clients for whom the Public Trustee acts as trustee and adds to the complexity of managing clients' affairs.

Growth in Subsidised Clients

The rapid growth of State Administrative Tribunal-referred clients with no or little capacity to pay for services has further increased the proportion of Public Trustee

clients whose fees are rebated under the community service obligation (operating subsidy). This places additional pressure on the Public Trustee's ability to self-fund.

Technology

As a result of innovation and rapid product development, the rate at which processes and technologies become obsolete or need to be adapted in response is increasing. There are substantial costs involved in developing new and improved systems to keep up to date. Like trustee companies around the world, the Public Trustee's core client, financial and trust accounting systems are aging and significant investment will be required to maintain the required functionality to be able to deliver services and interface with other technology or agencies. Off the shelf solutions are not available.

The uptake of technology, such as smart phones and tablet computers, continues to change the nature in which clients communicate with the Public Trustee and adds to expectations of immediacy and client demand.

Government policies

There are challenges in delivering, from a single office based in Perth, services to clients who live in regional WA.

There are also issues with identifying clients who may be receiving, or entitled to receive, support under the National Disability Insurance Scheme, and obtaining appropriate information about them.

If implemented, the recommendations from the national enquiry into elder abuse² would affect the roles of the Public Trustee, such as when acting under an enduring power of attorney or seeking to recover money from clients whose money has been misappropriated.

¹ Regional Projections, Australia, Series B, Australian Bureau of Statistics, December 2013

² Elder Abuse— A National Legal Response, Australian Law Reform Commission Report 131, May 2017

Significant Issues Impacting the Agency

Competition

The trustee marketplace is competitive, with legal firms and private trustee companies often targeting the more profitable business with attractive incentives, leaving many low value, more difficult cases to the Public Trustee.

The perception of 'trustee of last resort', together with market concerns about caseloads and fully disclosed fees, impacts negatively on the Public Trustee's corporate image and ability to compete.

Legal

Public Trustee is often approached to provide input and advice to inform legislative change.

There is increasing complexity in laws relating to matters affecting clients including superannuation, taxation, Wills and deceased

estates, which increases the risk of corporate liability. New responsibilities as administrator or attorney include representing clients who qualify for the Commonwealth Redress Scheme or bringing civil claims to court for child sexual abuse.

Compliance

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

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



Public Trustee WA Will Week presentation at Joondalup

Our People

Our People

This section provides an overview on the Public Trustee's people, initiatives, safety practices, codes of conduct, diversity and equality.

Employee Assistance Program

Optum (formerly PPC Worldwide) provided seven employees and/or their immediate families with professional counselling.

Staff Development

The Public Trustee continues to commit its support to the personal and professional development of staff. A new initiative on mandatory role based training was introduced in addition to a mental health first aid program for managers this financial year through Mental Health First Aid Australia. 70% of managers are currently accredited Mental Health First Aiders at the Public Trustee.

Employees received over 445 days of in-house (93%) and externally provided (7%) training.

Technical sessions based on Trust or Estate manager roles within the Public Trustee remain a key focus to provide clients with exceptional service with the emphasis on following business guidelines. The training area has worked collaboratively intra-department and with external agencies this year to provide free training as part of ongoing skills development.

The Employee Development System continues to identify training and development opportunities for staff to increase their level of skills and provide a more structured learning environment through direct two-way feedback on employee performance.

Training (hrs)	2016/17	2017/18
External	513	228
Internal	5,265	3,339
Total	5,778	3,567

Wellness program

A committee of staff volunteers coordinate the Wellness Program. Activities including team sports, exercise classes, and health consultations were well supported by staff

who reported benefits in general health, wellbeing and morale.

Unions

A number of Public Trustee staff are members of the Community and Public Sector Union/Civil Service Association.

Industrial Action

No industrial action was taken by Public Trustee employees.

Workplace Profile

Staff by gender	2016/17		2017/18	
	M	F	M	F
Professional	9	10.3	9.8	12.1
Clerical	55	78.7	56.8	82.4
Total	64	89	66.6	94.5

Workforce profile	2016/17	2017/18
Business Development	1.1	2
Business Services	17.8	19.4
Executive/ Administration	2	2
Corporate Support	14	14
Legal	21.5	22.7
Trustee Services	96.6	101
Total	153	161.1

DISCLOSURES & LEGAL COMPLIANCE

Financial Statements

Certification of Financial Statements

FOR THE YEAR ENDED 30 JUNE 2018

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 reporting period ended 30 June 2018 and the financial position as at 30 June 2018.

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

Steven Lie BComm, CPA

Chief Finance Officer

5 September 2018

Michael Bowyer LLB

Acting Accountable Authority

5 September 2018

Statement Of Comprehensive Income

For the year ended 30 June 2018

	Note	2018 \$	2017 \$
COST OF SERVICES			
EXPENSES			
Write-offs and doubtful debts	3	1,187,249	264,734
Employee benefits expense	4	15,614,193	14,756,040
Depreciation	4	757,452	770,131
Administration expenses	4	2,508,344	2,745,520
Accommodation expenses	4	2,561,866	2,678,664
Corporate service expenses	4	2,189,988	2,215,627
Loss on disposal of non-current assets	5	-	3,342
Total expenses before payments to Consolidated Account		24,819,092	23,434,058
Fees paid to Consolidated Account	6	19,612,000	18,629,000
Surplus Common Account interest paid to Consolidated Account	7	1,725,665	4,530,002
Total cost of services		46,156,757	46,593,060
INCOME			
Fees and charges	8	18,064,053	17,252,326
Public Trustee 6% fee from Common Account	8	691,401	759,842
Management fee from Strategic Common Accounts	8	1,146,246	1,095,017
Receipts from Common Account Surplus interest	8	4,526,000	4,530,002
Interest revenue	8	984,002	1,001,780
Other revenue	8	32,280	41,698
Total income other than income from State Government		25,443,982	24,680,665
NET COST OF SERVICES		20,712,775	21,912,395
INCOME FROM STATE GOVERNMENT			
Recoups and other revenue from Department of Justice	4	26	10,322
Services received free of charge from Department of Justice	4	23,631,817	23,159,002
Total income from State Government		23,631,843	23,169,324
SURPLUS FOR THE PERIOD		2,919,068	1,256,929
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		2,919,068	1,256,929

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

Statement Of Financial Position

As at 30 June 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash and cash equivalents	9(a)	30,448,397	28,316,725
Receivables	10	72,474	19,566
Total Current Assets		30,520,871	28,336,291
TOTAL ASSETS		30,520,871	28,336,291
LIABILITIES			
Current Liabilities			
Accrued fees payable to Consolidated Account	11	233,284	919,752
Payables		115,346	163,366
Total Current Liabilities		348,630	1,083,118
TOTAL LIABILITIES		348,630	1,083,118
NET ASSETS		30,172,241	27,253,173
EQUITY			
Indemnity reserve	12(a)	4,062,403	4,115,282
Business development reserve	12(b)	17,737,212	14,936,877
Accumulated surplus		8,372,626	8,201,014
TOTAL EQUITY		30,172,241	27,253,173

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

Statement Of Changes In Equity

For the year ended 30 June 2018

	Note	Indemnity Reserve \$	Business Development Reserve \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2016	12	4,013,837	14,936,877	7,045,530	25,996,244
Surplus		-	-	1,256,929	1,256,929
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	1,256,929	1,256,929
Transfers between accumulated surplus and reserves:					
Transfers to reserves		340,480	4,530,002	(4,870,482)	-
Transfers from reserves		(239,035)	(4,530,002)	4,769,037	-
Total		101,445	-	101,445	-
Balance at 30 June 2017		4,115,282	14,936,877	8,201,014	27,253,173
Balance at 1 July 2017		4,115,282	14,936,877	8,201,014	27,253,173
Surplus		-	-	2,919,068	2,919,068
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	2,919,068	2,919,068
Transfers between accumulated surplus and reserves:					
Transfers to reserves		1,085,278	4,526,000	(5,611,278)	-
Transfers from reserves		(1,138,157)	(1,725,665)	2,863,822	-
Total		(52,879)	2,800,335	(2,747,456)	-
Balance at 30 June 2018		4,062,403	17,737,212	8,372,626	30,172,241

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 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Fees raised from Estates and Trusts		18,064,053	17,252,326
Public Trustee 6% fee from Common Account		691,401	759,842
Management fee from Strategic Common Accounts		1,146,246	1,091,738
Receipts from Common Account Surplus Interest		4,526,000	4,530,002
Interest received		984,002	1,001,780
GST receipts on fees		2,372,572	2,310,750
Other revenue		32,280	41,691
Payments			
Payments on clients' behalf written-off		(1,240,157)	(269,946)
GST payments on purchases		(286,465)	(233,990)
GST payments to taxation authority		(2,134,127)	(2,076,335)
Net cash provided by operating activities	9(b)	24,155,805	24,407,858
CASH FLOWS TO STATE GOVERNMENT			
Fees paid to Consolidated Account		(19,612,000)	(18,107,248)
Surplus Common Account Interest paid to Consolidated Account		(2,412,133)	(4,530,002)
Net cash paid to State Government		(22,024,133)	(22,637,250)
Net increase in cash and cash equivalents		2,131,672	1,770,608
Cash and cash equivalents at the beginning of the period		28,316,725	26,546,117
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	9(a)	30,448,397	28,316,725

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

Notes To The Financial Statements

For the year ended 30 June 2018

1. Basis of preparation

The Public Trustee is a WA Government entity and is controlled by the State of Western Australia, which is the ultimate parent. The entity is a not-for-profit entity as profit is not its principal objective.

The Public Trustee provides trustee, estate and will services to Western Australians.

These annual financial statements were authorised for issue by the Accountable Authority at the date of signing the certification of financial statements.

Statement of compliance

These general purpose financial statements have been prepared in accordance with:

- The *Financial Management Act 2006* (FMA)
- The Treasurer's Instructions (the Instructions or TI)
- Australian Accounting Standards (AAS) including applicable interpretations
- Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The *Financial Management Act 2006* and the Treasurer's Instructions (the Instructions) take precedence over AAS. Several AAS are modified by the Instructions to vary application, disclosure format and wording. 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.

Basis of preparation

These financial statements are presented in Australian dollars applying the accrual basis of accounting and using the historical cost convention, except for land, buildings and infrastructure, which have been measured at fair value. All values are rounded to the nearest whole dollar.

Judgements and estimates

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements and estimates made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements and/or estimates are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances.

2. Disclosure of changes in accounting policy and estimates

There are no new Australian Accounting Standards effective for annual reporting periods beginning on or after 1 July 2017 that impacted on the Public Trustee.

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 any of 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.

Disclosures & Legal Compliance

		Operative for reporting periods beginning on/after
AASB 9	<i>Financial Instruments</i> This Standard supersedes AASB 139 <i>Financial Instruments: Recognition and Measurement</i>, introducing a number of changes to accounting treatments. The Public Trustee anticipates that the application will not have significant impact on the recognition and measurement of its financial instruments as they are carried at amortised cost. In the case of the Public Trustee's current receivables, as they are short-term in nature, the carrying amount is expected to be a reasonable approximation of fair value.	1 Jul 2018
AASB 15	<i>Revenue from contracts with customers</i> This Standard establishes the principles that the Public Trustee shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The new requirements may potentially result in a change to the timing of revenue from Public Trustee's services such that some revenue may need to be deferred to a later reporting period to the extent that the Public Trustee has received cash but has not met its associated performance obligations (such amounts would be reported as a liability). The Public Trustee does not currently have any revenue contracts with a material impact for the period after 1 July 2019, and will monitor the impact of any such contracts subsequently entered into before the new standard takes effect.	1 Jul 2019
AASB 16	<i>Leases</i> This standard introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Whilst the impact of AASB 16 has not yet been quantified, the entity currently has commitments for \$4.8 million worth of cancellable operating leases which will mostly be brought onto the Statement of Financial Position. Interest and amortisation expense will increase and accommodation expense will decrease.	1 Jul 2019
AASB 1058	<i>Income of Not-for-Profit Entities</i> This Standard clarifies and simplifies the income recognition requirements that apply to not for profit (NFP) entities, more closely reflecting the economic reality of NFP entity transactions that are not contracts with customers. Timing of income recognition is dependent on whether such a transaction gives rise to a liability, or a performance obligation (a promise to transfer a good or service), or, an obligation to acquire an asset. The Public Trustee anticipates that the application will not materially impact services received free of charge revenues.	1 Jul 2019
AASB 2010-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 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> This Standard makes consequential amendments to other Australian Accounting Standards and Interpretations as a result of issuing AASB 9 in December 2010. The mandatory application date of this Standard has been amended by AASB 2012-6 and AASB 2014-1 to 1 January 2018. The Public Trustee anticipates that the application will not have material impact.	1 Jul 2018
AASB 2014-1	<i>Amendments to Australian Accounting Standards</i> Part E makes amendments to AASB 9 and consequential amendments to other Standards. These changes have no impact as Appendix E has been superseded and the Public Trustee was not permitted to early adopt AASB 9.	1 Jul 2018

Disclosures & Legal Compliance

AASB 2014-5	<i>Amendments to Australian Accounting Standards arising from AASB 15</i>	1 Jul 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 15. The Public Trustee anticipates that the application will not have material impact.	
AASB 2014-7	<i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)</i>	1 Jul 2018
	This Standard gives effect to the consequential amendments to Australian Accounting Standards (including Interpretations) arising from the issuance of AASB 9 (December 2014). The Public Trustee anticipates that the application will not have material impact.	
AASB 2015-8	<i>Amendments to Australian Accounting Standards – effective date of AASB 15</i>	1 Jul 2019
	This Standard amends the mandatory effective date (application date) of AASB 15 Revenue from Contracts with Customers so that AASB 15 is required to be applied for annual reporting periods beginning on or after 1 January 2018 instead of 1 January 2017. For Not For Profit entities, the mandatory effective date has subsequently been amended to 1 January 2019 by AASB 2016-7. The Public Trustee does not currently have any revenue contracts with a material impact for the period after 1 July 2019, and will monitor the impact of any such contracts subsequently entered into before the new standard takes effect.	
AASB 2016-3	<i>Amendments to Australian Accounting Standards – clarifications to AASB 15</i>	1 Jul 2018
	This Standard clarifies identifying performance obligations, principal versus agent considerations, timing of recognising revenue from granting a licence, and, provides further transitional provisions to AASB 15. The Public Trustee anticipates that the application will not have material impact.	
AASB 2016-8	<i>Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	1 Jul 2019
	This Standard inserts Australian requirements and authoritative implementation guidance for not-for-profit entities into AASB 9 and AASB 15. This guidance assists not-for-profit entities in applying those Standards to particular transactions and other events. There is no financial impact.	

3. Write-offs and doubtful debts

	2018	2017
	\$	\$
Write-offs	1,240,157	269,946
Doubtful debts expense	(52,908)	(5,212)
	1,187,249	264,734

Write-offs represent losses incurred during the administration of estates and trusts, which have not been recouped and written off in accordance with Section 48 of the *Financial Management Act 2006*.

Doubtful debt expense is recognised as the movement in the allowance for impairment of receivables (note 10).

4. Income from State Government

Services received free of charge from the Department of Justice

Services received free of charge or for nominal cost that the Public Trustee would otherwise purchase if not donated, are recognised as income at the fair value of the services where they can be reliably measured. A corresponding expense is recognised for services received. Receipts of assets are recognised in the Statement of Financial Position.

Disclosures & Legal Compliance

The Department of Justice funds the operational costs of the Public Trustee pursuant to the Treasurer's net appropriation determination.

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

Resources provided free of charge to the Public Trustee are as follows:

	2018 \$	2017 \$
Operating Expenses		
Employee benefits expense		
Salaries, wages and allowances	14,253,836	13,445,505
Superannuation	1,360,357	1,310,535
	15,614,193	14,756,040
Depreciation	757,452	770,131
Administration expenses	2,508,344	2,745,520
Accommodation expenses	2,561,866	2,678,664
Corporate service expenses	2,189,988	2,215,627
Loss on disposal of non-current assets	-	3,342
Total operating expenses	23,631,843	23,169,324

Resources received free of charge is recognised as revenue as follows:

Operating Income		
Recoups and other revenue from Department of Justice	26	10,322
Resources received free of charge from Department of Justice	23,631,817	23,159,002
Total operating income	23,631,843	23,169,324

5. Net loss on disposal of non-current assets

	2018 \$	2017 \$
Carrying amount of non-current assets disposed		
Office equipment	-	3,342
Net loss	-	3,342

6. Fees paid to Consolidated Account

	2018 \$	2017 \$
Fees paid to Consolidated Account	19,612,000	18,629,000

Pursuant to section 6B(2)(b) of the *Public Trustee Act 1941* and regulation 6(b) of the *Public Trustee Regulations 1942*, 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 is a written agreement between the Attorney General and the Public Trustee for a 12-month period. The Current Agreement determines that the Public Trustee is to transfer at least \$19,612,000 (2017: \$18,629,000) in fees to the Consolidated Account if the fees collected are in excess of this amount. Otherwise, all fees collected shall be paid to the Consolidated Account, via the Department of Justice's net appropriation determination.

Disclosures & Legal Compliance

7. Surplus Common Account Interest paid to Consolidated Account

	2018	2017
	\$	\$
Surplus Common Account Interest paid to Consolidated Account	1,725,665	4,530,002

The Current Agreement section 10.3 determines that the Public Trustee is to pay \$4,526,000 (2017: \$4,607,000) in Surplus Common Account Interest to the Consolidated Account. The amount is to be reduced by the excess of the overall revenue over the net operating expenses in line with the Public Trustee's self-funding commitment.

8. Income

	2018	2017
	\$	\$
Fees and charges	18,064,053	17,252,326
Public Trustee 6% fee from Common Account	691,401	759,842
Management fee from Strategic Common Account	1,146,246	1,095,017
Receipts from Common Account surplus interest	4,526,000	4,530,002
Interest revenue	984,002	1,001,780
Other revenue	32,280	41,698
	25,443,982	24,680,665

The Public Trustee recognise revenue when the revenue has been earned and can be reliably measured and it is probable that future economic benefits will flow to it.

- Fees and charges raised from Estates and Trusts are recognised when the services are rendered, and are debited to the clients' accounts at the end of each month. No fees are receivable at month end.
- 6% fee from the Common Account is recognised at the end of each month, with a final adjustment at year-end.
- Management fees from Strategic Common Accounts are recognised monthly as they accrue.
- Common Account surplus interest is any surplus earning after the payment of interest to trusts, estates and the Public Trustee (including the 6% fee). Section 39A (8) of the *Public Trustee Act 1941* allows the Public Trustee to credit this Common Account surplus interest to a reserve fund. Receipts from Common Account surplus interest are recognised as they accrue.
- Interest revenue is recognised as it accrues, using the effective interest rate method.
- All other revenue is recognised and measured at the fair value of consideration received or receivable.

9. Cash and cash equivalents

9 (a) Reconciliation of cash

	2018	2017
	\$	\$
Cash and cash equivalents	30,448,397	28,316,725

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.

All Public Trustee funds are held within the Common Account which are available at call and highly liquid.

Disclosures & Legal Compliance

9 (b) Reconciliation of net cost of service:

	2018	2017
	\$	\$
Net cost of service	(20,712,775)	(21,912,395)
Non-cash items		
Doubtful debts	(52,908)	(5,212)
Employee benefits expense	15,614,193	14,761,254
Depreciation	757,452	770,131
Administration expenses	2,508,344	2,654,380
Accommodation expenses	2,561,866	2,678,664
Corporate service expenses	2,189,988	2,301,553
Loss on disposal of assets	-	3,342
Payments to Consolidated Account		
Fees	19,612,000	18,629,000
Surplus Common Account Interest	1,725,665	4,530,002
Change in assets and liabilities		
(Increase)/decrease in receivables	-	(3,279)
Increase/(decrease) in payables	(48,020)	418
Net cash provided by operating activities	24,155,805	24,407,858

10. Receivables

	2018	2017
	\$	\$
Current		
Receivables	93,000	93,000
Allowance for impairment of receivables	(20,526)	(73,434)
Total current receivables	72,474	19,566

Receivables are recognised at original invoice amount less an allowance for any uncollectible amounts (ie impairment).

The Public Trustee do not hold any collateral or other credit enhancements as security for receivables.

Movement of the allowance for impairment of receivables

	2018	2017
	\$	\$
Balance at start of period	73,434	78,646
Impairment losses reversed	(52,908)	(5,212)
Balance at end of period	20,526	73,434

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.

Disclosures & Legal Compliance

11. Accrued Fees payable to Consolidated Account

	2018	2017
	\$	\$
Fees payable to Consolidated Account	233,284	919,752

Payables are recognised at the amounts payable when the Public Trustee becomes obligated 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.

12. Reserves

	Note	2018	2017
		\$	\$
Total Reserves			
Balance at start of period		19,052,159	18,950,714
Transfer to Reserves		5,611,278	4,870,482
Transfer from Reserves		(2,863,822)	(4,769,037)
Balance at end of period		21,799,615	19,052,159
Represented by:			
Indemnity Reserve			
Balance at start of period		4,115,282	4,013,837
Transfer to Reserves		1,085,278	340,480
Transfer from Reserves		(1,138,157)	(239,035)
Balance at end of period	12(a)	4,062,403	4,115,282
Business Development Reserve			
Balance at start of period		14,936,877	14,936,877
Transfer to Reserves		4,526,000	4,530,002
Transfer from Reserves		(1,725,665)	(4,530,002)
Balance at end of period	12(b)	17,737,212	14,936,877
Total balance of Reserves at end of period		21,799,615	19,052,159

12 (a) Indemnity Reserve

If the Public Trustee is liable to compensate a person for loss or damage, the Current Agreement section 9.3 allows the Public Trustee to apply moneys from the Indemnity Reserve to pay to investigate, defend, settle and/or compromise the matter, or to pay for any loss or damage that the person has suffered, including costs and disbursements. The reserve level is reviewed annually based on an independent actuarial advice received in 2013 and represents a percentage of the total client assets and liabilities managed.

12 (b) Business Development Reserve

Section 10.4 of the Current Agreement prescribes that the Business Development Reserve may be used for payment of capital costs, meeting shortfalls in revenue paid to the consolidated account, and costs associated with the coming into operation of the *Public Trustee and Trustee Companies Legislation Amendment Act 2008*.

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13. Commitments

Cancellable operating lease commitments

Commitments for minimum lease payments are payable as follows:

Within 1 year

Later than 1 year and not later than 5 years

Later than 5 years

2018 \$	2017 \$
1,763,319	1,763,496
3,000,057	4,763,854
-	-
4,763,375	6,527,350

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

The commitments show above are GST exclusive.

Pursuant to section 39A(3) of the Public Trustee Act 1941, the Attorney General approved on 3 June 2014 and the Public Trustee signed on 25 June 2014 the Terms and Conditions for the Public Trustee's occupation of office accommodation at 553 Hay Street Perth.

The current arrangement is for 10 years concluding on 13 March 2021, cancellable at the Attorney General's approval. Rent is payable monthly in advance, with the minimum payment increasing by 4% annually. There is no option to extend the agreement after the end of the term.

Judgement made by management in applying accounting policies – operating lease commitments

The terms and conditions determine that the Public Trustee will occupy specified areas of the building in exchange for a monthly charge, during the 10 years ending on 14 March 2021, and the Common Account will retain substantially all the risks and rewards incidental to ownership. Accordingly, this arrangement has been classified as an operating lease.

14. Contingent liabilities

The following contingent liabilities are additional to the liabilities included in the financial statements:

Litigation in progress

The Public Trustee has 17 matters (2017: 16) where litigation against the Public Trustee may result or has started. They involve potential claims for damages to the value of \$13.3 million (2017: \$13.2 million) inclusive of court costs. These potential claims are covered by insurance, may not be finalised and/or it is likely that there will not be any material liability. Hence, no liability has been recognised in the Financial Statements.

Key sources of estimation uncertainty – litigation in progress

Several estimations and assumptions are used in calculating the Public Trustee's liability for potential clients' damages claims including likelihood of claims, likelihood of success and expected future payments. Changes in these estimations and assumptions may impact on the amount of the potential liability.

Contaminated sites

Under the *Contaminated Sites Act 2003*, the Public Trustee is required to report known and suspected contaminated sites to the Department of Environment and Conservation (DEC). In accordance with the Act, DEC classifies these sites on the basis of the risk to human health, the environment and environmental values. Where sites are classified as *contaminated – remediation required* or *possibly contaminated – investigation required*, the Public Trustee may have a liability in respect of investigation or remediation expenses.

During the year the Public Trustee reported no suspected contaminated sites to DEC.

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15. Impairment of 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 (ie 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.

There were no indications of impairment to assets at year end. 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 year end.

16. Financial instruments

Financial instruments have been disaggregated into the following classes:

- Financial Assets
 - Cash and cash equivalents
 - Receivables
- Financial Liabilities
 - Payables
 - Accrued fees payable to Consolidated Account

Initial recognition and measurement of financial instruments is at fair value, which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short-term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material

16 (a) Financial risk management

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(3) and 39D of the *Public Trustee Act 1941*.

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 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 16(b) 'Categories of Financial instruments' and note 10 'Receivables'.

Credit risk associated with the financial assets is minimal because the State Government guarantees all financial assets of the Common Account in terms of s42 of the Public Trustee Act 1941. The Public Trustee monitors receivable balances on an ongoing basis with the result that the 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 in banks with the lowest credit rating being A2. 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.

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The Public Trustee has appropriate procedures to manage cash flows including drawdown 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 \$275 million in term deposits with banks and \$16 million held in a 24 hour at call account. The liquidity is monitored by the Manager Financial Investments, 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

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

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 s39A(3) and 39D of the *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.

16 (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:

	2018 \$	2017 \$
Financial Assets		
Cash and cash equivalents	30,448,397	28,316,725
Receivables	72,474	19,566
Financial Liabilities		
Accrued fees payable to Consolidated Account	233,284	919,752
Payables(*)	-	-

(*) The amount of payables excludes the GST payable to the ATO (statutory payable).

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Ageing analysis of financial assets

	Carrying amount \$'000	Not past due and not impaired \$'000	Past due but not impaired					Impaired financial assets \$'000
			Up to 1 month \$'000	1-3 months \$'000	3 months to 1 year \$'000	1-5 years \$'000	More then 5 years \$'000	
2018								
Financial Assets								
Cash and cash equivalents	30,448	30,448	-	-	-	-	-	-
Receivables	73	73	-	-	-	-	-	-
	30,521	30,521	-	-	-	-	-	-
2017								
Financial Assets								
Cash and cash equivalents	28,317	28,317	-	-	-	-	-	-
Receivables	19	19	-	-	-	-	-	-
	28,336	28,336	-	-	-	-	-	-

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
2018											
Financial Assets											
Cash and cash equivalents	3.52	30,448	-	30,448	-	30,448	30,448	-	-	-	-
Receivables	-	73	-	-	73	73	73	-	-	-	-
		30,521	-	30,448	73	30,521	30,521	-	-	-	-
Financial Liabilities											
Payable to Consolidated account	-	233	-	-	233	233	233	-	-	-	-
Payables (*)	-	-	-	-	-	-	-	-	-	-	-
		233	-	-	233	233	233	-	-	-	-

(*) The amount of payables excludes the GST payable to the ATO (statutory payable).

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	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
2017											
Financial Assets											
Cash and cash equivalents	3.87	28,317	-	28,317	-	28,317	28,317	-	-	-	
Receivables	-	19	-	-	19	19	19	-	-	-	
		28,336	-	28,317	19	28,336	28,336	-	-	-	
Financial Liabilities											
Payable to Consolidated account	-	920	-	-	920	920	920	-	-	-	
Payables (*)	-	-	-	-	-	-	-	-	-	-	
		920	-	-	920	920	920	-	-	-	

(*) The amount of payables excludes the GST payable to the ATO (statutory payable).

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
2018					
Financial Assets					
Cash and cash equivalents	30,448	(304)	(304)	304	304
2017					
Financial Assets					
Cash and cash equivalents	28,317	(283)	(283)	283	283

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.

17. Events occurring after the end of the reporting period

There were no events occurring after end of the reporting period that will materially impact the financial statements.

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18. Key Management Personnel

The Public Trustee has determined key management personnel include Cabinet Ministers and senior officers of the Public Trustee. The Public Trustee does not incur expenditure to compensate Ministers and those disclosures may be found in the Annual Report on State Finances.

18 (a) Compensation of members of the Public Trustee

Compensation Band (\$)	2018	2017
240,001 - 250,000	1	-
340,001 - 350,000	-	1
	\$	\$
Short-term employee benefits	283,313	257,358
Post-employment benefits	23,392	21,715
Other long-term benefits	(63,053)	66,050
Total compensation of members of the Public Trustee	243,652	345,123

Long service leave taken during the year has resulted in reduced compensation amount and a downward movement in the compensation band.

18 (b) Compensation of senior officers

Senior officers are those who take part in the management of the Public Trustee and are deemed to be the Directors and the Principal Legal Officer. The number of senior officers, other than senior officers reported as members of the Public Trustee, whose total fees, salaries, superannuation, non-monetary benefits and other benefits for the financial year, fall within the following bands is:

Compensation Band (\$)	2018	2017
90,001 - 100,000	1	-
110,001 - 120,000	-	1
150,001 - 160,000	1	-
160,001 - 170,000	-	1
170,001 - 180,000	-	1
180,001 - 190,000	1	-
190,001 - 200,000	-	1
200,001 - 210,000	1	1
220,001 - 230,000	1	-
	\$	\$
Short-term employee benefits	788,561	774,495
Post-employment benefits	67,784	68,208
Other long-term benefits	10,687	5,724
Total compensation of senior officers	867,032	848,427

A combination of leave taken during the year and pay rises have resulted in the changes in compensation bands during the year.

No senior officers are members of the Pension Scheme.

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19. Related Party Transactions

The Public Trustee is a Statutory Public Trustee that is controlled by the State of Western Australia. Related parties of the Public Trustee include:

- all Ministers and their close family members, and their controlled or jointly controlled entities;
- all senior officers and their close family members, and their controlled or jointly controlled entities;
- other departments and public sector entities, including related bodies included in the whole of government consolidated financial statements;
- associates and joint ventures of an entity that are included in the whole of Government consolidated financial statements; and
- the Government Employees Superannuation Board (GESB).

All related party transactions have been entered into on an arm's length basis.

Significant transactions with Government-related entities

Significant transactions include:

- The Public Trustee's operational expenses are appropriated by Parliament through the Department of Justice. Financial assistance was provided during the year – refer note 4 "Income from State Government". Full details on the financial operations of the Public Trustee are detailed in the Department of Justice's Annual Report.
- Accrued fees payable to Consolidated Account (note 11).
- Remuneration for services provided by the Auditor General (note 20).

Significant transactions with other related parties

Outside of general citizen type transactions, the Public Trustee had no related party transaction with key management personnel or their close family members or their controlled or jointly controlled entities.

20. Remuneration of auditor

Remuneration paid or payable to the Auditor General in respect of the audit is as follows:

	2018 \$	2017 \$
Auditing the accounts, financial statements and key performance indicators	73,000	75,600

21. Indian Ocean Territories - Christmas Island and Cocos (Keeling) Island

An agreement between the Commonwealth and the State Government enables trustee services to be provided to both communities on a cost recovery basis. There were no visits to the islands during the financial year.

Statement of Receipts and Expenditure for the year ended 30 June 2018:

	2018 \$	2017 \$
Opening balance	2,487	3,010
Expenditure	(175)	(523)
Closing balance	2,312	2,487

22. Explanatory statement

All variances between estimates (original budget) and actual results for 2018, and between the actual results for 2018 and 2017 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$932,000.

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22 (a) Statement of Comprehensive Income Variances

	Variance Note	Estimate 2018 \$000	Actual 2018 \$000	Actual 2017 \$000	Variance estimate and actual \$000	Variance actual 2018 and 2017 \$000
EXPENSES						
Write-offs and doubtful debts		300	1,187	265	887	922
Employee benefits expense		15,154	15,614	14,756	460	858
Depreciation		746	758	770	12	(12)
Administration expenses		2,281	2,508	2,745	227	(237)
Accommodation expenses		2,617	2,562	2,679	(55)	(117)
Corporate service expenses		2,211	2,190	2,216	(21)	(26)
Loss on disposal of non-current assets		-	-	3	-	(3)
Total expenses before payments to Consolidated Account		23,309	24,819	23,434	1,510	1,385
Fees paid to Consolidated Account	(a)	19,612	19,612	18,629	-	983
Surplus Common Account interest paid to Consolidated Account	(i), (b)	4,526	1,726	4,530	(2,800)	(2,804)
Other payments to Consolidated Account		336	-	-	(336)	-
Total cost of services		47,783	46,157	46,593	(1,626)	(436)
INCOME						
Fees and charges		17,810	18,064	17,252	254	812
6% fee from Common Account		702	691	760	(11)	(69)
Management fee from Strategic Common Accounts		1,100	1,146	1,095	46	51
Receipts from Common Account surplus interest		4,862	4,526	4,530	(336)	(4)
Interest revenue		984	984	1,002	-	(18)
Other revenue		25	32	42	7	(10)
Total income other than income from State Government		25,483	25,444	24,681	(39)	763
NET COST OF SERVICES		22,300	20,713	21,912	(1,587)	(1,199)
INCOME FROM STATE GOVERNMENT						
Recoups and other revenue from Department of Justice		155	-	10	(155)	(10)
Corporate revenue from Department of Justice		448	-	-	(448)	-
Services received free of charge from Department of Justice	(ii)	22,406	23,632	23,159	1,226	473
Total income from State Government		23,009	23,632	23,169	623	463
SURPLUS FOR THE PERIOD		709	2,919	1,257	2,210	1,662
OTHER COMPREHENSIVE INCOME						
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		709	2,919	1,257	2,210	1,662

Significant variances between estimated and actual results for the financial year

- (i) Actual surplus common account interest paid to Consolidated Account was lower than estimated by \$2.8 million mainly due to an offset for a reduction in previous year's payment by \$1.2 million and credits for depreciation and salaries funded by Special Acts.
- (ii) Actual services received free of charge from Department of Justice were higher than estimated due to more resources required to meet higher demand for services.

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Significant variances between current and prior year actual

- (a) The increase in fees paid to Consolidated account from last year by \$983,000 was due to higher fees and charges revenue, which in turn was driven by the annual increase in fees and charges and the higher demand for trustee services.
- (b) The decrease in surplus Common Account interest paid to Consolidated account by \$2.8 million was mainly due to an offset for a reduction in the previous year's payment by \$1.2 million and credits for depreciation and salaries funded by Special Acts.

22 (b) Statement of Cash Flows Variances

	Variance Note	Actual 2018 \$000	Actual 2017 \$000	Variance actual 2018 and 2017 \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts				
Fees raised from Estates and Trusts		18,064	17,252	812
Public Trustee 6% fee from Common Account		691	760	(69)
Management fee from Strategic Common Accounts		1,146	1,092	54
Receipts from Common Account Surplus Interest		4,526	4,530	(4)
Interest received		984	1,002	(18)
GST receipts on fees		2,372	2,311	61
Other revenue		32	42	(10)
Payments				
Payments on clients' behalf written-off	(c)	(1,240)	(270)	(970)
GST payments on purchases		(286)	(234)	(52)
GST payments to taxation authority		(2,134)	(2,077)	(57)
Net cash provided by operating activities		24,155	24,408	(253)
CASH FLOWS TO STATE GOVERNMENT				
Fees paid to Consolidated Account	(d)	(19,612)	(18,107)	(1,505)
Surplus Common Account Interest paid to Consolidated Account	(e)	(2,412)	(4,530)	2,118
Net cash paid to State Government		(22,024)	(22,637)	613
Net increase in cash and cash equivalents		2,131	1,771	360
Cash and cash equivalents at the beginning of the period		28,317	26,546	1,771
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		30,448	28,317	2,131

- (c) The increase in payments on clients' behalf written-off was mainly due to errors in managing clients' affairs, particularly in a rental assistance matter.
- (d) The increase in fees paid to Consolidated account by \$1.5 million was due to higher fees and charges income, which in turn was driven by the annual increase in fees and charges and the higher demand for trustee services.
- (e) The decrease in surplus Common Account interest paid to Consolidated account by \$2.1 million was mainly due to an offset for a reduction in the previous year's payment by \$1.2 million and credits for depreciation and salaries funded by Special Acts.

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 administered as at 30 June 2018 NET TRUST ASSETS UNDER ADMINISTRATION

	Note	2018 \$	2017 \$
ESTATES AND TRUSTS			
Deceased Estates		202,915,512	231,739,728
Direct Action		4,633,305	4,022,889
Entitled Trusts		351,908,409	344,217,077
Protected Management		499,059,337	478,569,275
Testamentary Trusts		63,610,405	63,319,269
Power of Attorney		7,274,044	20,425,110
Trusts		24,271,823	30,644,185
Safe-care		7,013,702	2,857,377
NET TRUST ASSETS		1,160,686,537	1,175,794,910
Represented by:			
Investments in Common Account	24(h)	298,930,139	285,214,818
Investments in Strategic Common Accounts	25(a)	233,270,429	226,039,596
Bank deposits		161,232,863	168,075,352
Equities	23(a)	40,775,055	43,848,011
Unit Trusts	23(a)	7,624,748	10,235,743
Life Policies	23(b)	1,582,389	3,676,755
Real Estate	23(c)	429,955,752	439,689,872
Other Assets	23(d)	54,940,173	48,351,805
Total Investment and Loan Assets		1,228,311,548	1,225,131,952
TOTAL TRUST ASSETS		1,228,311,548	1,225,131,952
CURRENT LIABILITIES			
Payables		45,449,990	32,150,399
Loans		1,847,094	1,368,413
Mortgages – Deceased estates		6,143,992	4,408,550
Total Current Liabilities		53,441,076	37,927,362
NON CURRENT LIABILITIES			
Mortgages – Trust estates		14,183,935	11,409,680
Total Non Current Liabilities		14,183,935	11,409,680
TOTAL TRUST LIABILITIES		67,625,011	49,337,042
NET TRUST ASSETS		1,160,686,537	1,175,794,910

BASIS OF VALUATIONS

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 year-end and sourced from market publications.

23 (b) Life policies

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

23 (c) Real estate

Registered valuers conducted the deceased estate valuations, 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 (e.g. personal effects, furniture and other chattels) the beneficiaries' estimates are usually accepted. For more valuable items such as jewellery and motor vehicles, valuations from a registered jeweller or use of the Red Book Guide, are adopted.

24. Public Trustee Common Account

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.

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

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24 (a) PUBLIC TRUSTEE COMMON ACCOUNT STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2018

	Note	2018 \$	2017 \$
EXPENSES			
Investment expenses	24(g)	1,821,414	1,926,883
Interest paid to Estates and Trusts	24(e)	3,273,583	3,417,620
Decrement from revaluation of investment property	24(g)	1,042,606	-
Total expenses before payments to Public Trustee		6,137,603	5,344,503
6% fee paid to the Public Trustee		691,401	759,842
Interest paid to the Public Trustee		984,002	1,001,780
Surplus Common account interest paid to Public Trustee		4,526,000	4,530,002
Total expenses		12,339,006	11,636,127
INCOME			
Investment income		13,344,745	14,590,905
Increment from revaluation of investment property	24(g)	-	2,629,609
Total income		13,344,745	17,220,514
SURPLUS FOR THE YEAR		1,005,739	5,584,387
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,005,739	5,584,387

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 2018

	Note	2018 \$	2017 \$
ASSETS			
Current Assets			
Cash at bank	24(j)(i)	20,973,863	13,465,238
Cash equivalents	24(j)(i)	280,000,000	270,000,000
Receivables	24(f)	270,725	87,412
Accrued income		1,548,555	1,807,101
Total Current Assets		302,793,143	285,359,751
Non-Current Assets			
Investment property	24(g)	36,400,000	36,300,000
Total Non-Current Assets		36,400,000	36,300,000
TOTAL ASSETS		339,193,143	321,659,751
LIABILITIES			
Current Liabilities			
Fees & accrued taxation		1,107,575	469,667
Payables		1,938	1,718
Public Trustee Funds	9(a)	30,448,397	28,316,725
Accrued Interest payable to Estates and Trusts		806,334	763,803
Total Current Liabilities		32,364,244	29,551,913
Non-Current Liabilities			
Estates & Trusts under Administration	24(h)	298,930,139	285,214,817
Total Non-Current Liabilities		298,930,139	285,214,817
TOTAL LIABILITIES		331,294,383	314,766,730
NET ASSETS		7,898,760	6,893,021
EQUITY			
Common Account investment reserve	24(i)	-	-
Accumulated surplus		7,898,760	6,893,021
TOTAL EQUITY		7,898,760	6,893,021

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 2018

	Note	Common Account Investment Reserve \$	Accumulated surplus \$	Total equity \$
Balance at 1 July 2016	24(i)	-	1,308,634	1,308,634
Surplus		-	5,584,387	5,584,387
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	5,584,387	5,584,387
Balance at 30 June 2017		-	6,893,021	6,893,021
Balance at 1 July 2017		-	6,893,021	6,893,021
Surplus		-	1,005,739	1,005,739
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	1,005,739	1,005,739
Balance at 30 June 2018		-	7,898,760	7,898,760

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 2018

	Note	2018 \$	2017 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Investment income		13,419,978	14,376,139
Tax withheld from clients		13,823	18,341
Payments			
6% fee paid to Public Trustee		(691,401)	(759,842)
Interest paid to Estates and Trusts		(3,231,052)	(3,652,481)
Interest paid to Public Trustee		(984,002)	(1,001,780)
Investment expenses		(1,821,414)	(1,926,883)
Tax withholding paid to ATO		(14,422)	(17,454)
Net cash provided by operating activities	24(j)(ii)	6,691,510	7,036,040
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investment property improvements		(1,142,606)	(520,391)
Net cash (used in) investing activities		(1,142,606)	(520,391)
CASH FLOWS FROM ESTATES, TRUSTS & PUBLIC TRUSTEE			
Surplus Common Account Interest paid to Public Trustee		(4,526,000)	(4,530,002)
Net increase in Public Trustee Funds		2,131,672	1,770,608
Net increase in Estates and Trusts		14,354,049	15,248,834
Net cash provided by estates, trusts & Public Trustee		11,959,721	12,489,440
Net increase in cash and cash equivalents		17,508,625	19,005,089
Cash and cash equivalents at the beginning of period		283,465,238	264,460,149
Cash and cash equivalents at the end of period	24(j)(i)	300,973,863	283,465,238

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

	2018	2017
	\$	\$
Interest paid to Estates and Trusts	3,273,583	3,417,620

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*.

24 (f) Receivables

	2018	2017
	\$	\$
Receivable for Common account property	270,725	87,412

The carrying amount is equivalent to fair value as they are generally settled within 30 days.

24 (g) Investment Property

	2018	2017
	\$	\$
At fair value:		
Land and building – non-current assets	36,400,000	36,300,000

The Public Trustee Common Account owns an investment property, comprising of land and office building, which is held for long-term rental yields. The property is carried at fair value as mandated by TI 954, representing open-market value determined annually by external valuers. Changes in fair value are recorded in profit or loss in the periods in which they arise.

The revalued land and building consists of an office tower located at 553 Hay Street, Perth Western Australia. Management determined that this property constitutes one class of asset under AASB 13, based on the nature, characteristics and risks of the property.

Fair value of the property was determined by both capitalised net rental income method and market comparable method. This means that the valuation performed by the valuer is based on active market prices, significantly adjusted for difference in the nature, location or condition of the specific property. As at the date of revaluation 30 June 2018, the property's fair value is based on a valuation performed by a certified practising and licensed valuer at Western Australian Land Information Authority, an accredited independent valuer.

Significant unobservable inputs to valuation of investment property

Price per square metre should be toward the lower end of the range \$3,600 to \$4,000 (2017: sub \$4,000), an appropriate rate of \$3,790 (2017: \$3,780) per square metre is considered fair.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value.

	2018	2017
	\$	\$
Rental income derived from investment property	5,924,970	6,844,546
Direct operating expenses generating rental income	(1,821,414)	(1,926,883)
Profit arising from investment property carried at fair value	4,103,556	4,917,663

The Public Trustee or the Account has no restrictions on the realisability of its investment property and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance and enhancements.

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

	2018 \$	2017 \$
Carrying amount at beginning of period	36,300,000	33,150,000
Additions and capital improvements	1,142,606	520,391
Revaluation increment /(decrement)	(1,042,606)	2,629,609
Carrying amount at end of period	36,400,000	36,300,000

Fair Value measurements

Assets measured at fair value	Valuation Date	Level 1 \$	Level 2 \$	Level 3 \$	Fair Value at end of period \$
2018					
Investment property	30 June 2018	-	-	36,400,000	36,400,000
		-	-	36,400,000	36,400,000
2017					
Investment property	30 June 2017	-	-	36,300,000	36,300,000
		-	-	36,300,000	36,300,000

There were no transfers between Levels 1, 2 or 3 during the current and the previous periods.

24 (h) 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.

	2018 \$	2017 \$
Activity		
Safe-care	383,526	37,019
Deceased Estates	62,789,352	59,563,665
Direct Action	3,764,979	3,680,406
Entitled Trusts	61,477,660	59,387,822
Protected Management	137,942,457	123,976,913
Testamentary Trusts	16,541,993	15,992,482
Power of Attorney	4,390,866	6,061,203
Trusts	11,639,306	16,515,308
Total estates and trusts under administration	298,930,139	285,214,818

24 (i) Common Account investment reserve

Pursuant to section 6B of the Public Trustee Act 1941 and Regulation 6 of the Public Trustee Regulations 1942, the Current Agreement 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.

The reserve was reduced to nil in 2016 due to a decrement from revaluation of the investment property.

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Common Account investment reserve

Balance at start of year

Transfer to accumulated surplus

Balance at end of year

2018	2017
\$	\$
-	-
-	-
-	-

24 (j) Cash and cash equivalents

24 (j)(i) Reconciliation of cash

Cash at bank

Cash equivalents

Cash and cash equivalents

2018	2017
\$	\$
20,973,863	13,465,238
280,000,000	270,000,000
300,973,863	283,465,238

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. Short-term deposits are recorded at cost on a constant yield basis over the period to maturity.

24 (j)(ii) Reconciliation of surplus/(deficit) to net cash provided by operating activities.

Surplus

Non-cash item:

Decrement/(increment) from revaluation of investment property

Surplus Common account interest paid to Public Trustee

Decrease /(increase) in assets:

Receivables

Accrued income

(Decrease)/increase in liabilities:

Fees and accrued taxation

Accrued interest

Net cash provided by operating activities

2018	2017
\$	\$
1,005,739	5,584,387
1,042,606	(2,629,609)
4,526,000	4,530,002
(183,313)	(81,264)
258,546	(133,502)
(599)	887
42,531	(234,861)
6,691,510	7,036,040

24 (k) Financial instruments

24 (k)(i) Financial risk management

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 comply with s39A(3) and 39D of the Public Trustee Act 1941.

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

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Credit risk

The State Government guarantees all financial assets of the Common Account and therefore limited credit risk exists in respect of those amounts. In addition, the buildings are covered by insurance and also professional indemnity insurance cover for staff involved with management of Common Account investments. Receivables balances are monitored on an ongoing basis with the result that the Common Account's exposure to bad debts is minimal. There are no significant concentrations of credit risk. There has been no change from the previous period in respect of exposure to credit risk.

Liquidity risk

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

Market risk

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

The Common Account's investments are authorised by section 39A(3) and 39D 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 (k)(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:

	2018 \$	2017 \$
Financial Assets		
Cash at bank	20,973,863	13,465,238
Cash equivalents	280,000,000	270,000,000
Receivables	270,725	87,412
Accrued income	1,548,555	1,807,101
Financial Liabilities		
Fees and accrued taxation (*)	1,107,088	468,581
Payables	1,938	1,718
Public Trustee funds	30,448,397	28,316,725
Accrued Interest due to Estates and Trusts	806,334	763,803
Estates & Trusts under administration	298,930,139	285,214,817

(*) The amount of fees and accrued taxation excludes the tax withholding payable to the ATO (statutory payable).

24 (k)(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 limited 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.

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Ageing analysis of financial assets

			<u>Past due but not impaired</u>					
	Carrying amount \$'000	Not past due and not impaired \$'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	Impaired financial assets \$'000
2018								
Financial Assets								
Cash at Bank	20,974	20,974	-	-	-	-	-	-
Cash Equivalent	280,000	280,000	-	-	-	-	-	-
Receivables	271	271	-	-	-	-	-	-
Accrued income	1,548	1,548	-	-	-	-	-	-
	302,793	302,793	-	-	-	-	-	-
2017								
Financial Assets								
Cash at Bank	13,465	13,465	-	-	-	-	-	-
Cash Equivalent	270,000	270,000	-	-	-	-	-	-
Receivables	87	87	-	-	-	-	-	-
Accrued income	1,807	1,807	-	-	-	-	-	-
	285,359	285,359	-	-	-	-	-	-

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
2018											
Financial Assets											
Cash at Bank	2.20	20,974	-	20,974	-	20,974	20,974	-	-	-	-
Cash Equivalent	2.54	280,000	-	280,000	-	280,000	70,000	135,000	75,000	-	-
Receivables		271	-	-	271	271	271	-	-	-	-
Accrued income		1,548	-	-	1,548	1,548	848	617	83	-	-
		302,793	-	300,974	1,819	302,793	92,093	135,617	75,083	-	-
2017											
Financial Assets											
Cash at Bank	1.70	13,465	-	13,465	-	13,465	13,465	-	-	-	-
Cash Equivalent	2.69	270,000	-	270,000	-	270,000	85,000	130,000	55,000	-	-
Receivables		87	-	-	87	87	87	-	-	-	-
Accrued income		1,807	-	-	1,807	1,807	1,222	526	59	-	-
		285,359	-	283,465	1,894	285,359	99,774	130,526	55,059	-	-

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The contractual 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 estates liabilities comprises 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 %	Interest Rate Exposure				Past due but not impaired \$'000	Impaired financial assets \$'000
		Carrying amount \$'000	Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non-Interest Bearing \$'000		
2018							
Financial Liabilities							
Fees and accrued taxation		1,108	-	-	1,108	-	-
Payables		2	-	-	2	-	-
Public Trustee Funds	3.52	30,448	-	30,448	-	-	-
Accrued interest Estates & Trusts		806	-	-	806	-	-
Estates & Trusts:							
Estates	0.25	63,774	-	63,774	-	-	-
Trusts & Other	0.75	70,386	-	70,386	-	-	-
Trusts & Other	1.50	121,430	-	121,430	-	-	-
Trusts & Other	2.00	45,350	-	45,350	-	-	-
Trusts & Other		(2,010)	-	(2,010)	-	-	-
Total Financial Liabilities		331,294	-	329,378	1,916	-	-
2017							
Financial Liabilities							
Fees and accrued taxation		470	-	-	470	-	-
Payables		2	-	-	2	-	-
Public Trustee Funds	3.87	28,317	-	28,317	-	-	-
Accrued interest Estates & Trusts		764	-	-	764	-	-
Estates & Trusts:							
Estates	0.29	60,055	-	60,055	-	-	-
Trusts & Other	0.79	68,539	-	68,539	-	-	-
Trusts & Other	1.54	114,253	-	114,253	-	-	-
Trusts & Other	2.04	44,679	-	44,679	-	-	-
Trusts & Other		(2,312)	-	(2,312)	-	-	-
Total Financial Liabilities		314,767	-	313,531	1,236	-	-

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Interest rate sensitivity analysis

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

	-100 Basis Points (-1%)		+100 Basis Points (+1%)		
	Carrying amount \$'000	Surplus \$'000	Equity \$'000	Surplus \$'000	Equity \$'000
2018					
Financial Assets					
Cash and cash equivalents	300,974	(3,010)	(3,010)	3,010	3,010
Financial Liabilities					
Public Trustee Funds	30,448	304	304	(304)	(304)
Estates & Trusts under administration	298,930	2,989	2,989	(2,989)	(2,989)
Total increase/(decrease)		283	283	(283)	(283)
2017					
Financial Assets					
Cash and cash equivalents	283,465	(2,835)	(2,835)	2,835	2,835
Financial Liabilities					
Public Trustee Funds	28,317	283	283	(283)	(283)
Estates & Trusts under administration	285,215	2,852	2,852	(2,852)	(2,852)
Total increase/(decrease)		300	300	(300)	(300)

Fair value

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.

25. Public Trustee Strategic Common Accounts

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

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

The following are the financial statements of the Public Trustee Strategic Common Accounts. 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.

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	2018 \$	2017 \$
Activity		
Deceased Estates	220,814	181,780
Entitled Trusts	172,955,279	169,526,803
Protected Management	36,130,316	33,585,067
Testamentary Trusts	13,690,374	13,046,416
Power of Attorney	633,130	3,875,151
Trusts	3,010,340	3,004,020
Safe-care	6,630,176	2,820,359
Total estates and trusts under administration	233,270,429	226,039,596

25 (b) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS STATEMENTS OF CHANGES IN NET ASSETS For the year ended 30 June 2018

2018	Cash \$'000	Conservative \$'000	Growth \$'000	Growth Plus \$'000	Total \$'000
Net Assets at the beginning of the reporting period	-	42,119	173,876	2,819	218,814
Applications	-	2,322	10,965	-	13,287
Redemptions	-	(7,137)	(8,109)	-	(15,246)
	-	37,304	176,732	2,819	216,855
Expenses					
Trustee's fees	-	219	963	16	1,198
Custody fees	-	66	286	7	359
Total expenses	-	285	1,249	23	1,557
Investment Income					
Interest income	-	-	1	-	1
Trust distributions	-	1,122	12,983	221	14,326
Net gains on financial instruments held at fair value through profit or loss	-	1,118	4,334	150	5,602
Other income	-	97	276	13	386
Total net investment income/(loss)	-	2,337	17,594	384	20,315
Profit before finance costs attributable to unit holders	-	2,052	16,345	361	18,758
Financing costs attributable to unit holders					
Distributions to unit holders	-	1,460	14,563	211	16,234
Increase/(decrease) in net assets attributable to unit holders	-	592	1,782	150	2,524
Net Assets at the end of the reporting period	-	37,896	178,514	2,969	219,379

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PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS STATEMENTS OF CHANGES IN NET ASSETS For the year ended 30 June 2017

2017	Cash	Conservative	Growth	Growth Plus	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Net Assets at the beginning of the reporting period	-	42,912	160,353	2,593	205,858
Applications	-	3,419	12,849	-	16,268
Redemptions	-	(4,879)	(7,210)	-	(12,089)
	-	41,452	165,992	2,593	210,037
Expenses					
Trustee's fees	-	230	901	15	1,146
Custody fees	-	70	269	6	345
Total expenses	-	300	1,170	21	1,491
Investment Income					
Interest income	-	-	2	-	2
Trust distributions	-	1,006	6,223	137	7,366
Net gains on financial instruments held at fair value through profit or loss	-	1,044	9,751	227	11,022
Other income	-	161	527	11	699
Total net investment income/(loss)	-	2,211	16,503	375	19,089
Profit/(loss) before finance costs attributable to unit holders	-	1,911	15,333	354	17,598
Financing costs attributable to unit holders					
Distributions to unit holders	-	1,244	7,449	128	8,821
Increase in net assets attributable to unit holders	-	667	7,884	226	8,777
Net Assets at the end of the reporting period	-	42,119	173,876	2,819	218,814

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25 (c) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS STATEMENTS OF NET ASSETS As at 30 June 2018

2018	Cash \$'000	Conservative \$'000	Growth \$'000	Growth Plus \$'000	Total \$'000
Assets					
Cash and cash equivalents	-	10	31	2	43
Receivables	-	862	11,872	206	12,940
Financial assets held at fair value through profit or loss	-	38,175	179,723	2,963	220,861
Total assets	-	39,047	191,626	3,171	233,844
Liabilities					
Distributions payable	-	1,128	13,004	200	14,332
Payables	-	23	108	2	133
Total liabilities (excluding net assets attributable to unit holders)	-	1,151	13,112	202	14,465
Net assets attributable to unit holders - liability	-	37,896	178,514	2,969	219,379
2017	Cash \$'000	Conservative \$'000	Growth \$'000	Growth Plus \$'000	Total \$'000
Assets					
Cash and cash equivalents	-	10	29	1	40
Receivables	-	816	5,375	123	6,314
Financial assets held at fair value through profit or loss	-	42,268	174,840	2,814	219,922
Total assets	-	43,094	180,244	2,938	226,276
Liabilities					
Distributions payable	-	950	6,263	118	7,331
Payables	-	25	105	1	131
Total liabilities (excluding net assets attributable to unit holders)	-	975	6,368	119	7,462
Net assets attributable to unit holders - liability	-	42,119	173,876	2,819	218,814

CERTIFICATION OF KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2018

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 2018.

Michael Bowyer LLB

Acting Accountable Authority

5 September 2018

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Audited Key Performance Indicators

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 Public Trustee 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 Public Trustee's effectiveness and efficiency in fulfilling the duties of the *Public Trustee Act 1941*.

Relationships to Government goals

Broad high-level Government goals are supported at agency level by more specific agency level desired outcomes. Agencies deliver services to achieve these desired outcomes that ultimately contribute to meeting the higher level Government goals. The following table illustrates the relationship between the Department of Justice's (DoJ) desired outcomes, Public Trustee's services delivered and the Government's goals.

Government Goals	DoJ Desired Outcome	Public Trustee Services
Strong communities: Safe communities and supported families	Trustee services are accessible to all Western Australians.	Administer estates of people who die with or without a will (estate administration) Manage the financial affairs of people who are unable or unwilling to manage their financial affairs (trust management) Prepare wills and powers of attorney Examine the accounts of administration orders.

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

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

Key performance indicators

The Public Trustee is required under section 61 of the Financial Management Act 2006 and Treasurer's Instruction T1 904, to disclose key performance indicators in its annual reports.

The Public Trustee has developed key performance indicators of effectiveness and efficiency to assist senior management and stakeholders assess and monitor the extent to which Public Trustee level desired outcomes have been achieved and the efficiency of service delivery. The Public Trustee's Corporate Executive Committee regularly monitors the key performance indicators.

Key effectiveness indicators provide information on the extent to which Public Trustee level outcomes have been achieved, or contributed to, through the delivery of services.

Key efficiency indicators relate services to the level of resource inputs required to deliver them. Efficiency indicators have been developed for each of the services delivered by the Public Trustee. Each indicator shows the average cost per output to deliver the service.

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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, with the question asked of "Overall, how well does the Public Trustee meet your needs". Clients giving a rating of 6 or more out of 10 were considered to have indicated that the Public Trustee is meeting their needs well. Catalyse Research and Strategy consultants were engaged to conduct the 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 2017 calendar year; and
- had telephone and mail contact details available.

Based on the above definition, a random sample of clients was generated and selected, representing a cross-section of clients who use trustee services. A sample of 423 responses, with 79% participation rate, represented the total population of approximately 14,000 clients serviced during the year. The survey was done with sampling precision +/- 5% at the 95% confidence interval.

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

	2014-15	2015-16	2016-17	2017-18	Target
Extent to which trust management services meet the needs of customers	79%	77%	75%	81%	85%

Significant variations are those greater than 10%. There is no significant variation with the target and previous year's result.

1.2 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 all people in the state. The percentage of deceased estates administered by the Public Trustee indicates the use 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.

	2014-15	2015-16	2016-17	2017-18	Target
Percentage of Western Australian deceased estates administered by the Public Trustee	4.7%	4.1%	4.3%	4.4%	4.0%
Number of adult deaths in WA	13,842	14,353	14,742	14,463	NA
Number of new deceased estates administered	650	590	627	640	NA

From 2017-18, the target was reduced from 6.5% to 4.0% to align the target with historically lower actual results and a declining trend.

There is no significant variation with the target and previous year's result.

1.3 Percentage of estates finalised within 12 months

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

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

Disclosures & Legal Compliance

interests, taxation, family disputes and testator family maintenance actions contribute to the time taken to close an estate, which are outside the Public Trustee's control.

The average time taken to complete an estate, if completed within twelve months, was 6.7 months, based on the date of final completion.

The targets have not changed since previous year.

	2014-15	2015-16	2016-17	2017-18	Target
Percent of estates finalised within 12 months of being reported					
Within 12 months	59%	58%	55%	60%	64%
Within 9 months	44%	43%	39%	44%	50%
Within 6 months	24%	25%	21%	30%	30%

There is no significant variation with the target and previous year's result.

1.4 Percentage of clients who have services provided by the Public Trustee under operating subsidy rebate (OS)

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 this rebate is a measure of the extent to which the Public Trustee supports the accessibility of trustee services.

	2014-15	2015-16	2016-17	2017-18	Target
Percentage of clients who have services provided by the Public Trustee under OS	51%	53%	54%	56%	50%
Number of OS files managed	3,062	3,347	3,504	3,733	NA

From 2017-18, the target was increased from 35% to 50% to align the target with historically higher actual results and an increasing trend.

There is no significant variation with the previous year's result. The higher than target result is due to an increasing number of appointments from the State Administrative Tribunal, where the Public Trustee provides services at a subsidised cost to vulnerable persons.

Efficiency Indicators

1.5 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. The target for this indicator has not significantly changed from prior year.

	2014-15	2015-16	2016-17	2017-18	Target
Cost per trust managed	\$1,919	\$1,870	\$1,812	\$1,808	\$1,855
Number of trusts managed	5,955	6,286	6,520	6,651	6,600

There is no significant variation with the target and prior year results.

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1.6 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.

The target for this indicator has not significantly changed from prior year.

	2014-15	2015-16	2016-17	2017-18	Target
Cost per deceased estate administered	\$2,914	\$2,664	\$2,639	\$2,815	\$2,579
Number of deceased estates administered	3,118	3,148	3,257	3,125	2,900

There is no significant variation with the target and prior year results.

1.7 Cost per Will prepared

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

The target for this indicator has not significantly changed from prior year.

	2014-15	2015-16	2016-17	2017-18	Target
Cost per Will prepared	\$751	\$797	\$655	\$653	\$670
Number of Wills prepared	2,951	2,656	2,456	2,523	3,000

There is no significant variation with the target and prior year results.

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)** %
2015	0.75	1.25, 2.00 & 2.50	1.25, 2.00 & 2.50	0.70
2016	0.50	1.00, 1.75 & 2.25	1.00, 1.75 & 2.25	0.55
2017	0.25	0.75, 1.50 & 2.00	0.75, 1.50 & 2.00	0.45
2018	0.25	0.75, 1.50 & 2.00	0.75, 1.50 & 2.00	0.45

*Rates effective as at 30 June

**As published on the Reserve Bank of Australia Website.

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

Client earning rates from the Common Account are based on market interest rates and Reserve Bank of Australia (RBA) rates.

Disclosures & Legal Compliance

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.

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:

	2015 %	2016 %	2017 %	2018 %
Treasury Earning Rate	2.70	2.26	1.96%	1.95%
CMT Benchmark Rate	2.37	1.97	1.52%	1.50%
Public Trustee Common Account (*)	4.37	4.15	3.87%	3.52%

(*) excludes capital growth/loss.

In the twelve months to 30 June 2018, the Public Trustee Common Account achieved a net return of 3.52% (2017: 3.87%) on the investment of the funds comprising the Common Account. Average funds under management for the year to 30 June totalled \$327 million (2017: \$328 million).

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 2018, the total average value of the Common Account for the year was \$327 million (2017: \$328 million), with a further \$233 million (2017: \$226 million) invested in the financial market in the Strategic Common Accounts and \$48 million (2017: \$54 million) in equities and managed funds on behalf of clients.

	2014-15	2015-16	2016-17	2017-18
Cost of managing funds*	\$535,199	\$548,576	\$558,272	\$566,656
Percentage of funds under management.	0.09%	0.09%	0.09%	0.09%

* 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.

Opinion Of The Office Of The Auditor General



Auditor General

INDEPENDENT AUDITOR'S REPORT

To the Parliament of Western Australia

PUBLIC TRUSTEE

Report on the Financial Statements

Opinion

I have audited the financial statements of the Public Trustee which comprise the Statement of Financial Position as at 30 June 2018, the Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows for the year then ended, and Notes comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the financial statements are based on proper accounts and present fairly, in all material respects, the operating results and cash flows of the Public Trustee for the year ended 30 June 2018 and the financial position at the end of that period. They are in accordance with Australian Accounting Standards, the *Financial Management Act 2006* and the Treasurer's Instructions.

Basis for Opinion

I conducted my audit in accordance with the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Trustee in accordance with the *Auditor General Act 2006* and the relevant ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial statements. I have also fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibility of the Public Trustee 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, the *Financial Management Act 2006* 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.

In preparing the financial statements, the Public Trustee is responsible for assessing the agency's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Western Australian Government has made policy or funding decisions affecting the continued existence of the Trustee.

Auditor's Responsibility for the Audit of the Financial Statements

As required by the *Auditor General Act 2006*, my responsibility is to express an opinion on the financial statements. The objectives of my audit are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the agency's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Public Trustee.
- Conclude on the appropriateness of the Public Trustee's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the agency's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Public Trustee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Report on Controls

Opinion

I have undertaken a reasonable assurance engagement on the design and implementation of controls exercised by the Public Trustee. The controls exercised by the 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 (the overall control objectives).

My opinion has been formed on the basis of the matters outlined in this report.

In my opinion, in all material respects, 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 2018.

The Public Trustee's Responsibilities

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

Auditor General's Responsibilities

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the suitability of the design of the controls to achieve the overall control objectives and the implementation of the controls as designed. I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements and plan and perform my procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the overall control objectives and the controls, necessary to achieve the overall control objectives, were implemented as designed.

An assurance engagement to report on the design and implementation of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the overall control objectives and the implementation of those controls. The procedures selected depend on my judgement, including the assessment of the risks that controls are not suitably designed or implemented as designed. My procedures included testing the implementation of those controls that I consider necessary to achieve the overall control objectives.

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

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and implemented as designed, once the controls are in operation, the overall control objectives may not be achieved so that fraud, error, or noncompliance with laws and regulations may occur and not be detected. Any projection of the outcome of the evaluation of the suitability of the design of controls to future periods is subject to the risk that the controls may become unsuitable because of changes in conditions.

Report on the Key Performance Indicators

Opinion

I have undertaken a reasonable assurance engagement on the key performance indicators of the Public Trustee for the year ended 30 June 2018. The key performance indicators are the key effectiveness indicators and the key efficiency indicators that provide performance information about achieving outcomes and delivering services.

In my opinion, in all material respects, 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 2018.

The 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 internal control as the Public Trustee determines necessary to enable the preparation of key performance indicators that are free from material misstatement, whether due to fraud or error.

In preparing the key performance indicators, the Public Trustee is responsible for identifying key performance indicators that are relevant and appropriate having regard to their purpose in accordance with Treasurer's Instruction 904 *Key Performance Indicators*.

Auditor General's Responsibility

As required by the *Auditor General Act 2006*, my responsibility as an assurance practitioner is to express an opinion on the key performance indicators. The objectives of my engagement are to obtain reasonable assurance about whether the key performance indicators are relevant and appropriate to assist users to assess the agency's performance and whether the key performance indicators are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion.

I conducted my engagement in accordance with Standard on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* issued by the Australian Auditing and Assurance Standards Board. That standard requires that I comply with relevant ethical requirements relating to assurance engagements.

An assurance engagement involves performing procedures to obtain evidence about the amounts and disclosures in the key performance indicators. It also involves evaluating the relevance and appropriateness of the key performance indicators against the criteria and guidance in Treasurer's Instruction 904 for measuring the extent of outcome achievement and the efficiency of service delivery. The procedures selected depend on my judgement, including the assessment of the risks of material misstatement of the key performance indicators. In making these risk assessments I obtain an understanding of internal control relevant to the engagement in order to design procedures that are appropriate in the circumstances.

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

My Independence and Quality Control Relating to the Reports on Controls and Key Performance Indicators

I have complied with the independence requirements of the *Auditor General Act 2006* and the relevant ethical requirements relating to assurance engagements. In accordance with ASQC 1 *Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements*, the Office of the Auditor General maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory 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 2018 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.



CAROLINE SPENCER
AUDITOR GENERAL
FOR WESTERN AUSTRALIA
Perth, Western Australia
6 September 2018

Disclosures & Legal Compliance

ESTIMATES 2019 PUBLIC TRUSTEE STATEMENT OF COMPREHENSIVE INCOME For the year ended 30 June 2019

	ESTIMATES 2019 \$000	ACTUAL 2018 \$000
COST OF SERVICES		
EXPENSES		
Write-offs and doubtful debts expense	300	1,187
Employee benefits expense	16,680	15,614
Depreciation expense	745	758
Administration expenses	2,078	2,508
Accommodation expenses	2,703	2,562
Corporate service expenses	2,354	2,190
Total expenses before payments to Consolidated Account	24,860	24,819
Fees paid to Consolidated Account	20,122	19,612
Surplus Common Account Interest paid to Consolidated Account	3,998	1,726
Other expenses and reserves paid to Consolidated Account	491	-
Total cost of services	49,471	46,157
INCOME		
Fees raised from Estates and Trusts	18,283	18,064
Public Trustee 6% fee from Common Account	671	692
Management fee from Strategic Common Account	1,168	1,146
Receipts from Common Account surplus interest	4,489	4,526
Interest revenue	941	984
Other revenue	25	32
Total Income other than income from State Government	25,577	25,444
NET COST OF SERVICES	23,894	20,713
INCOME FROM STATE GOVERNMENT		
Recoups and other revenue from the Department of Justice	11	-
Resources received free of charge from Department of Justice	24,549	23,632
Total income from State Government	24,560	23,632
SURPLUS FOR THE PERIOD	666	2,919
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	666	2,919

Disclosures & Legal Compliance

ESTIMATES 2019
PUBLIC TRUSTEE
STATEMENT OF FINANCIAL POSITION
As at 30 June 2019

	ESTIMATES 2019 \$000	ACTUAL 2018 \$000
ASSETS		
Current Assets		
Cash and cash equivalents	30,146	30,448
Receivables	20	73
Total Current Assets	30,166	30,521
TOTAL ASSETS	30,166	30,521
LIABILITIES		
Current Liabilities		
Fees payable to Consolidated Account	200	233
Payables	160	115
Total Current Liabilities	360	349
TOTAL LIABILITIES	360	349
NET ASSETS	29,806	30,172
EQUITY		
Indemnity reserve	4,200	4,062
Business development reserve	16,801	17,737
Accumulated surplus	8,805	8,373
TOTAL EQUITY	29,806	30,172

Ministerial Directions

No Ministerial directives were received during 2017/18.

Other Financial Disclosures

Pricing policies of services

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 Current Agreement.

Fees and charges are reviewed annually in the second quarter and proposed changes for the coming financial year are contained in the Current 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.

The Economic and Expenditure Review Committee approved a 1.8% increase to the Public Trustee's fees for the 2017/18 year which was applied to the majority of fees.

The list of fees and charges was published in the Gazette on 27 June 2017 and introduced from 1 July 2017. Details are available from www.publictrustee.wa.gov.au

Capital Works

There were no new capital projects during the year.

Employment and Industrial Relations

The current full time equivalent (FTE) level in the Public Trustee is 161.1, compared with 153 in 2016/17 and represents an increase of 5.29%.

Staff profile (FTE)	2016/17	2017/18
Full-time permanent	133	134
Full-time contract	10	14
Part-time measured on an FTE basis	9	12.1
On secondment	1	1
Staff FTE	153	161.1

Disclosures & Legal Compliance

Summary of Current Agreement 2017/18

In compliance with section 6B of the [Public Trustee Act 1941](#), the following is a summary of the agreement between the Attorney General and the Public Trustee from 1 July 201 to 30 June 2018.

Scale of Fees

The Public Trustee charges fees for its services which are subject to various limits and qualifications. These fees are determined by a Scale of Fees that commences on 1 July of each year. Unless otherwise specified, the Public Trustee cannot increase fees by more than 1.8%.

Consolidated Account

If the total fees collected:

- do not exceed the Public Trustee Contribution – Estate Fees and Other Revenue as determined in the 2017/18 Budget Statements, then all of those fees shall be paid to the Consolidated Account;
- exceed the Public Trustee Contribution – Estate Fees and Other Revenue as determined in the 2017/18 Budget Statements, then a minimum of the Public Trustee Contribution – Estate Fees and Other Revenue as determined in the 2017/18 Budget Statements shall be paid to the Consolidated Account.

The Department of Justice will retain any fees paid to the Consolidated Account 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 [Public Trustee Act 1941](#).

Indemnity Reserve

The Public Trustee may credit any or all retained earnings from its account entitled Retained Earnings to this Reserve.

The Public Trustee may apply moneys in the Indemnity Reserve for a number of uses including to investigate, defend, settle, and/or compromise the matter and pay for any loss or damage that clients or other persons who have or might have suffered loss or damage

for which the Public Trustee, in its corporate capacity, may be liable at law.

The Public Trustee may also apply moneys from the Indemnity Reserve to pay:

- costs and disbursements that it is not possible and/or suitable for the estate of a person whom the Public Trustee represents to pay; and/or
- costs and disbursements of advice or representation required by the Public Trustee in its corporate capacity.

Business Development Reserve

The Public Trustee may credit to this Reserve:

- from its account entitled Retained Earnings any or all of the retained earnings for the period; and
- the balance of the interest received for the period.

The Public Trustee shall pay an amount of Public Trustee Contribution – Common Account Surplus Interest as determined in the 2017/18 Budget Statements from this Reserve to the Consolidated Account.

The Public Trustee may apply moneys in this Reserve 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, establishing, and/or maintaining computer applications; 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 this 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 from the:

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

Strategic Common Accounts

The Public Trustee shall operate the following Public Trustee Investment Funds:

- Cash strategic investment account;
- Conservative strategic investment account;
- Growth strategic investment account; and
- Growth Plus strategic investment account.

Interest Rates

The Public Trustee shall fix interest rates payable to estates pursuant to section 39A(5) of the [*Public Trustee Act 1941*](#). The Public Trustee must inform the Minister of any changes in interest rates within 14 days, and publish these in the *Western Australian Government Gazette*.

The Public Trustee must obtain prior approval from the Minister before making any changes to interest rates under section 44 of the [*Public Trustee Act 1941*](#).

Governance Disclosures

Contracts with Senior Officers

At the date of reporting, 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 other than normal contracts of employment of service.

Unauthorised Use of Credit Cards

There were no instances of a Government Purchasing Card being used by an employee for a personal purpose; and no instances of unauthorised use of these cards.

Board and Committee Remuneration

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

A management team, comprising the Public Trustee, Directors of Trustee Services, Business Development & Marketing, Business Services and Corporate Support, the Principal Legal Officer and the Executive Officer, make up the Corporate Executive of the Public Trustee. This team is responsible for the development and implementation of policies and strategies for the delivery of trustee and asset management services to the people of Western Australia.

There are five governance committees, which are sub-committees of the Public Trustee's Corporate Executive (CorpEx) committee that meets fortnightly.

The role of each committee is to advise and make recommendations to the CorpEx on areas covered in its terms of reference.

Remuneration was received by one member of the Investment Committee.

Investment Committee

Members include the Public Trustee, Directors of Trustee Services, Business Services and Corporate Support, an independent external Member and the Manager Financial Investments who provide guidance and direction, and review the Public Trustee Investment Funds.

Risk and Audit Committee

Members include the Corporate Executive, DoJ's Management Assurance, Office of the Auditor General's representative and an independent member with risk management experience. The Committee oversees compliance, statutory responsibilities and internal accounting controls, and review internal audits and the internal audit plan.

Interest Rate Committee

Members include the Public Trustee, Directors of Trustee Services, Business Services and Corporate Support, and the Manager Financial Investments who set interest rates for the Common Account and review its performance.

Tenders Committee

Members include the Public Trustee, Director Corporate Support and a representative from DoJ's Contract & Procurement Services Branch. The Committee recommends the awarding of contracts where the cost of purchasing services is paid from funds held on behalf of Public Trustee clients and oversees the due diligence of all contracts.

Occupational Health & Safety Committee

Members include staff representatives from all floors, Manager Human Resources and the Director Corporate Support who promote a safe and healthy working environment and provide advice and support on any areas of concern.

Disclosures & Legal Compliance

Other Legal Requirements

Advertising

In compliance with section 175ZE 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 \$19,599 incurred in the following areas:

		Expenditure
Advertising agencies	Orange Design	3,065
Media Advertising	Fairfax Media Group	494
	Facebook	1,380
	Adcorp Australia Ltd	7,524
	Marketforce Advertising	159
	State Law Publisher	3,387
	DPS Publishing	3,590
	TOTAL	19,599

Public Sector Management Act 1994 section 31(1) Compliance

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

Compliance with Public Sector Code of Ethics

No reports of non-compliance with the Code of Ethics were received.

The Public Sector Code of Ethics is accessible to all Public Trustee employees through the intranet, notice boards and references in relevant policies and procedures.

Compliance with Public Sector Code of Conduct

No report of non-compliance with the Code of Conduct was found.

Public Trust staff adhere to DoJ's Code of Conduct which can be accessed through its intranet.

Every two years, all staff are required to attend WorkSafe WA's refresher workshop on Conflict and Stress in the Workplace 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.

Michael Bowyer LLB
ACTING PUBLIC TRUSTEE
Accountable Authority
5 September 2018

Disability Access and Inclusion Plan Outcomes

In compliance with section 29 of the [Disability Services Act 1993](#), the Public Trustee recognises its responsibilities under DoJ's Disability Access and Inclusion Plan 2013-18 by ensuring clients with physical, intellectual, sensory or cognitive disabilities, their families and carers are provided with professional and appropriate services.

Outcome 1:

People with disabilities have the same opportunities as others to access the services and any events organised by us.

The Public Trustee offers a mobile Wills service to clients who are severely disabled or infirm and may need to have their Will prepared at their home, a care facility or hospital. Wills staff visited 120 clients living within a 30km radius of the CBD.

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 our building and facilities.

The Public Trustee building at 553 Hay St has access standards greater than required under legislation to assist the specific needs of clients. It has purpose-built customer service facilities on the ground floor for clients, and holds large group public seminars on the 1st floor.

All external events organised by the Public Trustee used wheelchair-friendly venues and an audio loop for 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 provides access to Auslan interpreters and brochures and publications include large fonts and alternative versions. 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.

Public Trustee clients often live with some type of disability or impairment, whether aged, infirm, or living with mental illness or impaired cognitive skills.

Staff are trained to help them effectively service clients with disabilities. All Managers received mental health first aid training and the majority are now accredited.

Outcome 5:

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

Clients can access DoJ's Customer Feedback Management System to make complaints via a selection of feedback options including telephone, online and post.

Outcome 6:

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

The Public Trustee welcomes feedback from people with disabilities and includes disability support organisations in its stakeholder engagement program.

Special survey research training and arrangements are in place to ensure people with disabilities can participate in the annual Client Satisfaction Survey.

Recruitment, Selection and Appointment Standard

14 permanent and fixed-term vacancies of more than 6 months were advertised from across all business areas, including 3 appointment pools, which were covered by the Recruitment, Selection and Appointment Standard, and attracted a total of 115 applicants.

	2016/17	2017/18
Advertised vacancies	11	11
Appointment Pools	5/187	3/115

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.

Recordkeeping Plans

The Public Trustee uses the Department of Justice's (DoJ) Hewlett Packard Enterprise Records Management system for administrative records.

Under s19 of the *State Records Act 2000*, the Public Trustee's Recordkeeping Plan (RKP) (as part of the Department's RKP) was registered on 2 January 2018 with the State Records Office and on 23 March 2018 the Public Trustee's RKP was approved by the State Records Commission.

The RKP contains the retention and disposal schedule applicable to all Public Trustee records, and covers client files (disposed of seven years after closing), Part A sub-files (disposed of 20 years after closing) and Wills records (disposed of after 99 years).

Destruction of some records was delayed as advice was sought from the State Solicitor's Office before the State Archivist and Executive Director State Records of WA issued a disposal freeze for records pertaining to children. The freeze applied to all Western Australian State and Local

Government agencies from 5 April 2018 until further notice.

The Public Trustee's induction program includes employee roles and responsibilities for complying with the RKP.

Government Policy Requirements

Substantive Equality

The Public Trustee follows the DoJ Policy Framework for Substantive Equality.

All Public Trustee policy and procedure review pays specific attention to ensure they promote sensitivity to the different needs of client groups and eliminate systemic racial discrimination.

Freedom of Information Requests

One valid application was received in 2017/18.

Customer Feedback

The Public Trustee uses the Department of Justice's Customer Feedback Management System (CFMS) which conforms to the principles of the Australian Standard on Complaints Handling (AS ISO 10002-2006), and is designed to be accessible, fair and equitable.

Clients, their families, their advocates or support agencies, and members of the public can provide feedback in person, on the phone, in writing by email, fax or letter, or online via a website.

The Public Trustee also uses an early resolution complaints management strategy where complaints resolved within 48 hours of receipt do not need to be recorded on the Department's CFMS. This is because the nature of staff contact with their clients is frequent and continuous, and the relationship may range from six months (as in deceased estates) to many years so feedback is dealt with quickly as part of the usual client contact.

Early resolution of complaints is not recorded on the Department's CFMS, which is in accordance with the Australian Standard.

If early resolution of a complaint is not possible, clients are encouraged to lodge a formal complaint either in person, over the telephone, in writing by email or letter, or via the website.

The feedback figures below represent those that could not be resolved early and were recorded in the CFMS.

Customer Feedback	2016/17	2017/18
Complaints	75	67
Compliments	11	26
Suggestions	1	1
Total	87	94

The most commonly used feedback method was via the Public Trustee website (60%); followed by email (25%); letter (10%); feedback form (3%); and telephone (2%).

Further analysis of the complaints shows the most common were in relation to Delivery of Services (18); Decision Making (13); Access to Services; (9); Staff (9); Costs (8); Communication (5); Legal decisions (2); Other (2); and Processes and Procedures (1).

Where complaints remain unresolved at the agency level, the complainant is referred to the Ombudsman of Western Australia.

Compliments ranged from the family of a Trust Management client who "could not have come through a very difficult period in our lives without the skills and professionalism of the Trust Manager"; an Estate Manager who has "been very professional, helpful, knowledgeable, and efficient and we are very grateful. At a time of deep loss and sadness we have been able to rest easy knowing Dad's estate was in the best hands"; a Wills Legal Officer whose "attention to detail and explanations of the process and the legal information was outstanding. Everything was easy to understand and I personally walked out of there extremely confident and most happy that this was handled without fuss"; and a Director whose "inspired and inspiring talk on Wills and Deceased Estates made her one the group's best guest speakers".

Government Building Contracts

At the balance date, no contracts subject to the Government Building Training Policy had been awarded.

Occupational, Safety, Health and Injury Management

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

The Public Trustee is committed to occupational safety and health and injury management and appoints trained staff to an Occupational Safety and Health Committee that meets at least quarterly to ensure compliance, and contribute to policy, procedures and training.

Committee representatives:

- Conduct monthly safety audits and report on and resolve issues where the safety and health of employees may be at risk
- Support the continuation of employer-funded programs such as the Wellness and flu vaccination programs.

Measure	Actual Results		Results against Target	
	2016/17	2017/18	Target	Comment
Number of fatalities	0	0	0	0
Lost time injury and/or disease incidence rate	0.67%	0	0 or 10% reduction	Reduction by 0.67%
Lost time injury/disease severity rate	0%	0	0 or 10% reduction	Target achieved
Percentage of injured workers returned to work:				
(i) within 13 weeks	0%	0	>80%	Target achieved
(ii) within 26 weeks	N/A	0	>80%	Target achieved
Percentage of managers trained in OHS and injury management responsibilities	87%	89%	>80%	Target achieved