



Government of **Western Australia**  
Department of **Justice**



**Public Trustee**

# Annual Report

2018/19



# STATEMENT OF COMPLIANCE

For the year ended 30 June 2019

**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 2019.

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

*Brian Roche*

**Brian Roche** BBus, MMgt  
Public Trustee  
6 September 2019



***Street Address***

Public Trustee Building 553 Hay Street Perth

***Postal Address***

GPO Box M946 PERTH WA 6843

***Telephone***

Wills & Deceased Estates Administration  
1300 746 116

Trust Management & Represented Persons  
1300 746 212

Corporate Enquiries  
1300 746 212

***Facsimile:*** (08) 9222 6617

***Website:*** [www.publictrustee.wa.gov.au](http://www.publictrustee.wa.gov.au)

***Email:*** [public.trustee@justice.wa.gov.au](mailto:public.trustee@justice.wa.gov.au)

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# OVERVIEW

## Executive Summary

I am pleased to report that the Public Trustee successfully delivered accessible and affordable Will, Deceased Estate Administration and Trustee Services to the Western Australian community.

The Public Trustee manages net assets of around \$1.2 billion, including the assets of 6,239 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 Public Trustee achieved self-funding despite poor economic conditions, including low investment returns and significantly increased community service obligation subsidies for at risk clients who do not have capacity to pay for services.

Due to our strong financial position, the Public Trustee continues to fund improvements to client service and business processes, digitisation of services and significant investment to upgrade aging technology and infrastructure.

The agency continues to play an important role in representing victims of financial elder abuse, as well as maximising benefits and quality of life of clients impacted by aged care, disability and child sexual abuse royal

commissions, as well as aged care and National Disability Insurance Scheme reforms. Public education efforts have been very well received with high public and professional engagement in campaigns and events promoting Will making and prevention of financial abuse. Improving access to online and hardcopy information and resources was a key outcome, including launching 'Freedom vs Protection', an online legal knowledgebase created to support the increasing need for staff, clients, law makers and other stakeholders to understand the legal framework under which the Public Trustee operates.

Public Trustee's WA Will Bank and Give2Good Foundation, continue to be recognised as valuable Will storage and philanthropic community services for Western Australians.

I would like to thank my staff for their efforts and professionalism over the past financial year, performing the difficult role of administering the financial and legal affairs of at risk and grieving Western Australians.

I also thank Director General Dr Adam Tomison, for his leadership and his Department's continued support.

**Brian Roche** Public Trustee



*Launching Give2Good Week 5-11 May 2019*



## Public Trustee

### Fast Facts (as at 30 June 2019)



Achieved  
**SELF-FUNDING**



Continued to manage the affairs  
of **6,239 TRUST  
CLIENTS**



Wrote **2,668 WILLS**



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



Acquired **1,003 NEW  
TRUST CLIENTS**  
(including 770 referred by the State  
Administrative Tribunal)



Employed **165 STAFF**  
(59% Female, 41% Male)



Managed assets valued at  
**\$1.2 BILLION**



Submitted **469 PROBATE**  
applications



Achieved **80%** client  
satisfaction



Celebrated  
**78 YEARS** of service



Examined **1,158  
ACCOUNTS** for Private  
Administrators of SAT orders



Stored **123,257** Wills safely in  
the WA Will Bank



The Public Trustee  
held 60 **SEMINARS** across  
WA, reaching approximately  
4,634 people



Identified **78 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

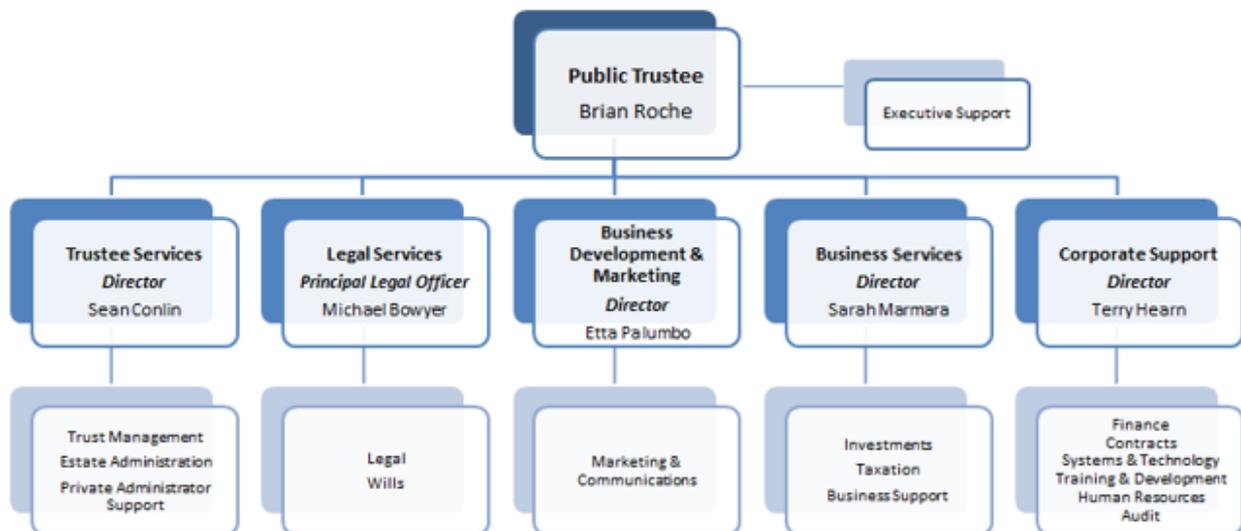
Our people take pride in their work and we value their contribution. We review and recognise the knowledge, skills and capabilities of our people and teams and we support their ongoing learning and development.

### 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 27 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 was a recipient of a prestigious Churchill Fellowship awarded by the Winston Churchill Memorial Trust (Australia) to travel overseas during 2018 to investigate whether supported decision making reduces elder financial abuse.

**Director Trustee Services, Sean Conlin BBus, Grad Dip Acct, CA** has 20 years public sector management experience, and 19 years financial services accounting and management experience in the private sector.

**Principal Legal Officer, Michael Bowyer LLB** has 27 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 15 years professional services marketing experience and 20 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 42 years financial and management accounting experience in both the public and private sectors, including 34 years in public sector management.

**Director Business Services, Sarah Marmara BBus (Acct), CPA** has 27 years management, financial services and accounting experience in both the public and private sectors. This includes 16 years public sector management and accounting experience.



*Public Trustee Brian Roche delivers a staff briefing, December 2018*

## 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](#)
- [Legal Profession \(Supreme Court\) \(Contentious Business\) Determination 2016](#)
- [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

**Sustainable Finances:** responsible financial management and better service delivery

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

**Strong communities:** safe communities and supported families, with 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
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 2018/19.

## Shared Responsibilities with Other Agencies

The Public Trustee did not share any responsibilities with other agencies in 2018/19. 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.



*Members of the public attending a Public Trustee Will Talk in Bunbury*

# AGENCY PERFORMANCE

## Report on Operations

### Trustee Services

Demand for core services continued the increasing trend.

	2017/18	2018/19
New trusts	890	1,003
New court trusts	112	175
Total trusts	5,882	6,239

	2017/18	2018/19
New SAT orders	725	770
Total SAT clients	4,079	4,398
SAT reviews	833	858

	2017/18	2018/19
Probate applications	515	469

	2017/18	2018/19
Account examinations	1,761	1,158

	2017/18	2018/19
New investigations alleging elder abuse (aged 65 or older)		
Trust Management Clients	77	75
Private Administrator Support Clients	2	3
TOTAL	79	78



Director Trustee Services Sean Conlin presenting

### Trust Management

The total number of trusts on hand increased to 6,239, an increase of 6% over the previous year.

The total number of new clients, including appointments by the State Administrative Tribunal (SAT), was 1,003, 12.7% more than the previous year. SAT referred 770 new cases to the Public Trustee, a 4% increase over last year's figure of 725.

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 increased to 175 up from 112 received in the previous year. The size of these trusts varies from thousands of dollars to millions of dollars.

SAT also reviewed 858 administration orders for which the Public Trustee was the appointed administrator.

### Estate Management

The number of applications to the probate division of the Supreme Court made by the Public Trustee decreased to 469, compared to 515 for the previous year.

### Private Administrator Support (PAS)

PAS conducted 1,158 account examinations where total assets exceeded \$1,167 million.

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

## Legal Services

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

Matters	2017/18	2018/19
New	271	351
Finalised	289	309
On hand	569	741

	2017/18	2018/19
Wills	2,523	2,668

### Legal

As at 30 June 2019, the Legal directorate had 741 legal matters on hand (not including Wills, estate distributions, standard probate and conveyancing applications and various other routine and minor matters). This significant increase is due to the transfer of 130 existing files, not reflected in the other figures.

It received 351 new matters and finalised 309 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 been developing a resource for professionals and laypeople to use that sets out much of the law around guardianship, administration, litigation and trusts for people with mental impairments.

The Public Trustee also concluded a three year program to transition long standing clients with mental disabilities who were appointed under repealed sections of the *Public Trustee Act 1941* to arrangements better aligned with the Convention on the Rights of Persons with Disabilities.

### Wills

In 2018/19, 2,668 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, implemented and is making improvements to a flexible, easy-to-use, purpose-built, in-house Will-making system.



Principal Legal Officer Michael Bowyer presenting at Preventing Financial Abuse Forum, June 2019

## Business Development & Marketing

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

### Marketing & Communications

Business development and marketing initiatives were strategically targeted during 2018/19, with an emphasis on information sharing and elder abuse awareness.

Public Education	2017/18	2018/19
Public Seminars	32	60
Seminar Attendees	2,048	4364

The Public Trustee connected with local, regional and remote communities with marketing and communications activities focussing on:

- Preventing Financial Abuse of Older Western Australians Forum – over 200 members of the general public attended a series of seminars hosted by the Public Trustee and Office of Public Advocate.
- Information sessions to community groups, professional service providers and Government agencies relating to the role of the Public Trustee, Financial Administration and Elder Abuse.
- Give2Good Week, WA Will Week, Carers Week, Law Week, Senior's Week community education.
- 35 major speaking events, 13 community group presentations, 12 GESB talks and four PAS Training Sessions attracting approximately 4,634 attendees (regional and metropolitan), an increase of 126% from 2017/18.
- An increased presence at Expos in metropolitan and regional areas, including Have a Go Day and Southwest Senior's Expo, reaching approximately 17,650 delegates

**Client Satisfaction Research** revealed that 80% of clients felt the Public Trustee was meeting their needs well (6+ out of 10).

WA Will Bank	2017/18	2018/19
Deposits	1,065	1,686

### WA Will Bank

The Public Trustee's free Will storage service maintains its value, with 1,686 Wills deposited in 2018/19.

123,257 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.

### Public Trustee 2020 & Beyond

The Public Trustee's PT2020 & Beyond project aims to improve and transform services, aligning them with current and future client needs. The PT2020 & Beyond project team consists of staff from all areas of the Public Trustee. This year staff feedback was utilised in a variety of ways including departmental workshops and proactive communication through the Staff Engagement Program. Innovations include: business process mapping; trial telephone monitoring; template enhancements; video conferencing and facilitation of remote working equipment; and practices for key positions. There was continued focus on developing an efficient, digitalised, paperless workplace with the introduction of new file processes and scanning of all incoming documents.

### Give2Good Foundation

The Public Trustee's Give2Good Foundation is a charitable community foundation allowing donors and testators to leave a lasting legacy within their local community via donations and bequests to the Foundation's Charitable and Public Ancillary Funds. Funds are pooled and invested to generate returns, which are passed on as ongoing income supporting donor directed charities and causes for generations to come. The Public Trustee launched its first Give2Good Week on 5 May 2019 and ran a series of communications to promote giving in the community and connect with volunteers.

## Business Services

Funds under management	2017/18 \$'000	2018/19 \$'000
Common Account	298,930	322,410
PTIFs	233,270	231,378
Bank deposits	161,233	182,412
Equities	40,775	35,542
Unit trusts	7,625	4,254
Life policies	1,582	1,699
Real estate	429,956	451,920
Other assets	54,941	60,411
<b>TOTAL</b>	<b>1,228,312</b>	<b>1,290,026</b>

Fund type	30/6/18 \$'000	30/6/19 \$'000
Cash	Nil	Nil
Conservative	37,896	38,992
Growth	178,514	180,882
Growth Plus	2,969	3,049
<b>TOTAL</b>	<b>219,379</b>	<b>222,923</b>

Property Function	2017/18	2018/19
Properties sold	173	167
Value \$'000s	\$74,866	\$59,761

Taxation Services	2017/18	2018/19
Client files actioned	1,624	1,678
Income tax returns lodged	1,406	1,376

## Common Account

The Common Account operates as a cash management account with funds available at call. As at 30 June 2019 the Public Trustee managed \$311 million in short term deposits and banks rated A2 to A1+, \$14 million in Cash managed by the Western Australian Treasury Corporation, and a CBD building valued at \$37.2 million.

Clients received interest distributions higher than average market returns for 2018/19.

## 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 2018/19 the Investments Team sold 167 properties by Private Treaty for a total value of \$59 million, there were also 31 properties sold by auction totalling \$30 million.

## Taxation Services

The Taxation business area actioned 1,678 client files and lodged 1,376 income tax returns in 2018/19.

## Corporate Support

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

	2017/18 \$ million	2018/19 \$ million
Operational budget	22.7	23.9
Revenue budget	24.6	24.6

Common Account	2017/18 \$ million	2018/19 \$ million
Balance at year end	21	18
Total value of receipts/disbursements	1,351	1,665

### Finance

The Public Trustee had an operational expenditure budget of \$23.9 million and a revenue budget of \$24.6 million, a 5% and a 0% increase respectively from the previous financial year.

The Public Trustee Common Account Bank Account averaged a daily balance of \$18 million.

### Systems & Technology

The PT2020 and Beyond initiative was the key driver in 2019 for the majority of work in the IT area. It resulted in improvements to the Management and Trust Environment (MATE) application through the introduction and development of new screens, functionality and modules, providing business benefits to Trustee Services and Business Support.

GovNext infrastructure changes have begun within the Department of Justice which has a direct impact on the Public Trustee. The server relocation and centralisation initiative has resulted in the MATE core system application to be placed into a hold phase pending completion. Significant progress has been made and full UAT is underway to ensure this changeover occurs smoothly.

The IT area managed five major and 45 minor MATE system upgrades along with two system upgrades to finance and legal systems. All these combined to 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 not only MATE but also looking at introducing business process re-engineering improvements. The need to simplify and automate business processes to improve efficiency and eliminate duplication is in line with Federal and State initiatives.

### Contract Management

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

Significant work in 2019 resulted in five contracts being awarded, four extended and two being novated. In addition, prior to June 30, work had begun on the tendering process for another eight contracts. The “spike” in contract effort placed significant pressure on both the Procurement role and business representatives, whereby a review to smooth out the future expiration dates was completed. No exemption from competitive requirements were granted during 2018/19.

### Internal Audit

As the appointed contract internal audit provider, William Buck conducted 5 reviews as part of the 2019 Audit Plan. The reviews focused on Investments, Estates, Give2Good Foundation, SSC Partial Exemption and Financial Management.

In addition, the Office of the Auditor General also sought details in relation to the Public Trustee’s “supplier master file” as part of a focus audit of 10 agencies.

These reviews identified many areas of strength and highlighted opportunities for both further improvement and improved risk management. A number of findings have resulted in corrective action to address and further strengthen internal controls.

## Achievements

During 2018/19 the Public Trustee achieved the following outcomes:

- Total assets under management \$1.23B, up 6% from last year.
- Revenues before income from State Government \$25.3M, in line with budget and last year.
- Fees paid to Consolidated Account \$20.1M, in line with budget and up 3% from last year.
- Maintained strong financial performance with operating surplus of \$1.8M.
- Developed a resource for public and professionals entitled *Freedom vs Protection - A guide to guardianship and administration orders, litigation and court trusts for people with impaired decision-making*
- Implemented a new customised Will writing system.
- Restructured the Trust Management Team to create new teams and roles, realigning with the changing needs of clients and business processes.
- The payment digitisation process introduced in September 2017 has been enhanced to include the scanning and processing of postal invoices, with 70,000 invoices being processed through this system in 2018/19.
- Significant progress has been made with the development of digitising incoming mail, with anticipated implementation in the first quarter of 2019/20.
- Enhancement of the Investment Review screen introduced in 2017/18 to include investment redemption processing.
- Promoted the inaugural *Give2Good Week* and *Forum for the Prevention of Financial Elder Abuse*.

## Looking Ahead in 2019/20

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.
- Further enhance client service by responding to changing needs, and updating and simplifying the way it engages with its clients. For example, set up systems to identify clients impacted by the National Redress Scheme (e.g. who will be eligible for NDIS funding) and employ additional resources to do the work.
- 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 (including promotion of Fraud Awareness) to identify more efficient, flexible and productive ways of delivering service.
- Be market focused, relevant and commercially aware in policy setting and decision making.
- Promote community service initiatives including WA Will Bank, Give2Good Foundation and WA Will Week.

## 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)	24,560	24,267	(293)
Total comprehensive income (\$'000s)	666	1,776	1,110
Approved full-time equivalent staff	170	165	(5)

## 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%	80%	(6%)
1.2 Percentage of Western Australian deceased estates administered by the Public Trustee	4.0%	4.1%	3%
1.3 Percentage of estates finalised within 12 months of being reported	64%	60%	(6%)
1.4 Percentage of clients who have services provided by the Public Trustee under an operating subsidy	50%	57%	14%
1.5 Cost per trust managed	\$1,850	\$1,822	(2%)
1.6 Cost per deceased estate administered	\$2,586	\$2,478	(4%)
1.7 Cost per Will prepared	\$659	\$662	(0%)
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	3.37%	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

ABS figures project the population of Western Australia will increase from a current 2.6 million people to 3.6-5.9 million by 2066<sup>1</sup>.

Also, as a result of numerous factors including sustained low fertility and increased life expectancy, the number of Western Australians aged 85 and over, which currently makes up 1.7% of Western Australia's population, is projected to increase to between 3.6% and 4.5% by 2066.

Other key demographic issues affecting the Public Trustee are mental illness and homelessness. With a 2014 report finding that people who reported having a mental health condition were more than twice as likely to have experienced homelessness in their lifetime, compared to people who did not (25% compared to 10%),<sup>2</sup>

These demographic disrupters, together with trends such as growth in blended families, breakdown of family relationships and 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.

## Financial performance

Record low interest rates, falling property prices, volatile share market prices and low wage growth affect the investment performance achieved on funds invested on behalf of clients. The prolonged downturn in shares decreased the return on investments of some 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.

## Competition

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

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

There are also issues with identifying clients who may be receiving, or entitled to receive, support under the National Disability

<sup>1</sup>Western Australia Population Projections 2017, Australian Bureau of Statistics, November 2018

<sup>2</sup> Mental Health and Experiences of Homelessness, Australia 2014, Australian Bureau of Statistics (2014 General Social Survey) May 2016

Insurance Scheme, and obtaining appropriate information about them.

The National Redress Scheme has also added complexity to many of our clients' personal circumstances, with additional staff appointed to deal with making claims.

The Royal Commission into Aged Care Quality and Safety is due to deliver its interim report later this year, with the final report due in April 2020<sup>3</sup>. Recommendations are expected to impact the Public Trustee, although exactly how is not yet clear.

The Public Trustee is increasingly required to recover money misappropriated under an Enduring Power of Attorney.

## 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 National 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.



*Have a Go Day, 14 November 2018*

<sup>3</sup> Royal commission into Aged Care Quality & Safety, Australian Government Department of Health, January 2019

## 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

PeopleSense provided three 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. Employees received over 607 days of in-house and 16 days of externally provided training.

Technical sessions based on Trust or Estate Manager business roles within the Public Trustee, remain as a critical focus in order to provide clients with exceptional customer service outcomes. A key emphasis on this training has been the introduction of a Business Guidelines program for Level 3 Trust Managers.

The Training & Development team continues to work collaboratively across all departments, including other external agencies, to provide induction and ongoing development training in support of all of staff's skills development in line with their Employee Development System reporting.

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

Training (hours)	2017/18	2018/19
External	228	122
Internal	3,339	4,554
Total	3,567	4,676

### Wellness program

The Wellness Committee continues to coordinate the Wellness Program including exercise classes and health consultations.

Public Trustee staff have also recently participated in the Healthy Heart Campaign, a program focused on reducing health risks and improving overall health and wellbeing.

### 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	2017/18		2018/19	
	M	F	M	F
Professional	9.8	12.1	10	13.5
Clerical	56.8	82.4	57.6	83.9
Total	66.6	94.5	67.6	97.4

Workforce profile	2017/18	2018/19
Business Development	2	3
Business Services	19.4	20.4
Executive/ Administration	2	2
Corporate Support	14	14.4
Legal	22.7	25.5
Trustee Services	101	99.7
Total	161.1	165

# DISCLOSURES & LEGAL COMPLIANCE

## Financial Statements

### **Certification of Financial Statements**

FOR THE YEAR ENDED 30 JUNE 2019

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 2019 and the financial position as at 30 June 2019.

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*

**Steven Lie BComm, CPA**  
CHIEF FINANCE OFFICER  
6 September 2019

*Brian Roche*

**Brian Roche BBus, MMgt**  
PUBLIC TRUSTEE  
Accountable Authority  
6 September 2019

## Statement Of Comprehensive Income

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>COST OF SERVICES EXPENSES</b>			
Write-offs and expected credit losses	3	298,952	1,187,249
Employee benefits expense	4	16,423,230	15,614,193
Depreciation	4	768,616	757,452
Administration expenses	4	2,385,380	2,508,344
Accommodation expenses	4	2,703,221	2,561,866
Corporate service expenses	4	1,986,560	2,189,988
<b>Total expenses before payments to Consolidated Account</b>		<b>24,565,959</b>	<b>24,819,092</b>
Fees paid to Consolidated Account	5	20,122,000	19,612,000
Surplus Common Account interest paid to Consolidated Account	6	3,058,271	1,725,665
<b>Total cost of services</b>		<b>47,746,230</b>	<b>46,156,757</b>
<b>INCOME</b>			
Fees and charges	7	18,365,908	18,064,053
Public Trustee 6% fee from Common Account	7	718,880	691,401
Management fee from Strategic Common Accounts	7	1,103,425	1,146,246
Receipts from Common Account Surplus interest	7	3,998,000	4,526,000
Interest revenue	7	1,022,844	984,002
Other revenue	7	45,927	32,280
<b>Total income other than income from State Government</b>		<b>25,254,984</b>	<b>25,443,982</b>
<b>NET COST OF SERVICES</b>		<b>22,491,246</b>	<b>20,712,775</b>
<b>INCOME FROM STATE GOVERNMENT</b>			
Recoups and other revenue from Department of Justice	4	38,400	26
Services received from Department of Justice	4	24,228,607	23,631,817
<b>Total income from State Government</b>		<b>24,267,007</b>	<b>23,631,843</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>1,775,761</b>	<b>2,919,068</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>1,775,761</b>	<b>2,919,068</b>

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

## Statement Of Financial Position

As at 30 June 2019

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	8	31,932,327	30,448,397
Receivables	9	107,729	72,474
<b>Total Current Assets</b>		<b>32,040,056</b>	<b>30,520,871</b>
<b>TOTAL ASSETS</b>		<b>32,040,056</b>	<b>30,520,871</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accrued fees payable to Consolidated Account Payables	10	-	233,284
		92,054	115,346
<b>Total Current Liabilities</b>		<b>92,054</b>	<b>348,630</b>
<b>TOTAL LIABILITIES</b>		<b>92,054</b>	<b>348,630</b>
<b>NET ASSETS</b>		<b>31,948,002</b>	<b>30,172,241</b>
<b>EQUITY</b>			
Indemnity reserve	11(a)	4,308,272	4,062,403
Business development reserve	11(b)	18,676,941	17,737,212
Accumulated surplus		8,962,789	8,372,626
<b>TOTAL EQUITY</b>		<b>31,948,002</b>	<b>30,172,241</b>

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 2019

	Note	Indemnity Reserve \$	Business Development Reserve \$	Accumulated surplus \$	Total equity \$
<b>Balance at 1 July 2017</b>	11	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)	-
<b>Balance at 30 June 2018</b>		<b>4,062,403</b>	<b>17,737,212</b>	<b>8,372,626</b>	<b>30,172,241</b>
<b>Balance at 1 July 2018</b>		4,062,403	17,737,212	8,372,626	30,172,241
Surplus		-	-	1,775,761	1,775,761
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-	-	1,775,761	1,775,761
Transfers between accumulated surplus and reserves:					
Transfers to reserves		499,411	3,998,000	(4,497,411)	-
Transfers from reserves		(253,542)	(3,058,271)	3,311,813	-
Total		245,869	939,729	(1,185,598)	-
<b>Balance at 30 June 2019</b>		<b>4,308,272</b>	<b>18,676,941</b>	<b>8,962,789</b>	<b>31,948,002</b>

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

## Statement Of Cash Flows

For the year ended 30 June 2019

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Fees raised from Estates and Trusts		18,365,908	18,064,053
Public Trustee 6% fee from Common Account		718,880	691,401
Management fee from Strategic Common Accounts		1,108,425	1,146,246
Receipts from Common Account Surplus Interest		3,998,000	4,526,000
Interest received		1,022,844	984,002
GST receipts on fees		2,245,466	2,372,572
Other revenue		45,927	32,280
<b>Payments</b>			
Payments on clients' behalf written-off		(319,478)	(1,240,157)
GST payments on purchases		(180,779)	(286,465)
GST payments to taxation authority		(2,087,979)	(2,134,127)
<b>Net cash provided by operating activities</b>		<b>24,917,214</b>	<b>24,155,805</b>
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Fees paid to Consolidated Account		(20,122,000)	(19,612,000)
Surplus Common Account Interest paid to Consolidated Account		(3,311,284)	(2,412,133)
<b>Net cash paid to State Government</b>		<b>(23,433,284)</b>	<b>(22,024,133)</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,483,930</b>	<b>2,131,672</b>
Cash and cash equivalents at the beginning of the period		30,448,397	28,316,725
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	8	<b>31,932,327</b>	<b>30,448,397</b>

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 2019

## 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 (TIs)
- Australian Accounting Standards (AAS) – Reduced Disclosure Requirements
- Where appropriate, those AAS paragraphs applicable for not-for-profit entities have been applied.

The Financial Management Act 2006 and the Treasurer's Instructions take precedence over AAS. Several AAS are modified by TIs 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. Adoption of new and amended Accounting Standards

### AASB 9 Financial instruments

AASB 9 Financial instruments replaces AASB 139 Financial instruments: Recognition and Measurement for annual reporting periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Public Trustee applied AASB 9, with an initial application date of 1 July 2018. In accordance with AASB 9.7.2.15, Public Trustee has not restated the comparative information which continues to be reported under AASB 139. There were no differences arising from adoption.

The nature of these adjustments are described below:

### (a) Classification and measurement

AASB 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. AASB 9 largely retains the existing requirements of AASB 139 for the classification and measurement of financial liabilities, however, it eliminates the previous AASB 139 categories for financial assets held to maturity, receivables and available for sale. Under AASB 9, on initial recognition a financial asset is classified as measured at:

- Amortised cost;
- Fair value through other comprehensive income (FVOCI) – debt investment;
- FVOCI – equity investment; or
- Fair value through profit or loss (FVTPL).

The classification is based on two criteria: Public Trustee's business model for managing the assets; and whether the assets' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of Public Trustee's business model was made as of the date of initial application, 1 July 2018. The assessment of whether contractual cash flows on financial assets are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

At the date of initial application, existing financial assets and liabilities of the Public Trustee were assessed in terms of the requirements of AASB 9. The assessment was conducted on instruments that had not been derecognised as at 1 July 2018. In this regard, the Public Trustee has determined that the adoption of AASB 9 has impacted the classification of financial instruments at 1 July 2018 as follows:

Class of financial instrument presented in the statement of financial position	Original measurement category under AASB 139	New measurement category under AASB 9
Cash and cash equivalents	Loans and receivables	Financial assets at amortised cost
Trade and other receivables	Loans and receivables	Financial assets at amortised cost
Trade and other payables	Financial liabilities at amortised cost	Financial liabilities at amortised cost

The classification and measurement requirements of AASB 9 did not have a significant impact to the Public Trustee as reflected in the following table:

AASB 139 category	\$	AASB 9 category		
		Amortised cost \$	Fair value through P/L \$	Fair value through OCI \$
Receivables	72,474	72,474	-	-

### (b) Impairment of financial assets

In relation to the financial assets carried at amortised cost, AASB 9 requires an expected credit loss model to be applied as opposed to an incurred credit loss model under AASB 139. The expected credit loss model requires the Public Trustee to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial asset. In particular, AASB 9 requires the Public Trustee to measure the loss allowance at an amount equal to lifetime expected credit loss ("ECL") if the credit risk on the instrument has increased significantly since initial recognition. On the other hand, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Public Trustee is required to measure the loss allowance for that financial instrument at an amount equal to the ECL within the next 12 months.

As at 1 July 2018, the Public Trustee reviewed and assessed the existing financial assets for impairment using reasonable and supportable information, and determined that the impact was not material.

### 3. Write-offs and expected credit losses

	2019	2018
	\$	\$
Write-offs	319,479	1,240,157
Movement in expected credit loss	(20,526)	(52,908)
	<b>298,953</b>	<b>1,187,249</b>

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*.

### 4. Income from State Government

#### Services received from the Department of Justice

Services received that the Public Trustee would otherwise purchase if not provided, 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.

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 18).

Resources provided to the Public Trustee are as follows:

	2019	2018
	\$	\$
<b>Operating Expenses</b>		
Employee benefits expense		
Salaries, wages and allowances	15,009,178	14,253,836
Superannuation	1,414,052	1,360,357
	16,423,230	15,614,193
Depreciation	768,616	757,452
Administration expenses	2,385,380	2,508,344
Accommodation expenses	2,703,221	2,561,866
Corporate service expenses	1,986,560	2,189,988
<b>Total operating expenses</b>	<b>24,267,007</b>	<b>23,631,843</b>

Resources received is recognised as revenue as follows:

<b>Operating Income</b>		
Recoups and other revenue from Department of Justice	38,400	26
Resources received from Department of Justice	24,228,607	23,631,817
<b>Total operating income</b>	<b>24,267,007</b>	<b>23,631,843</b>

## 5. Fees paid to Consolidated Account

	2019	2018
	\$	\$
Fees paid to Consolidated Account	20,122,000	19,612,000

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 \$20,122,000 (2018: \$19,612,000) 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.

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

	2019	2018
	\$	\$
Surplus Common Account Interest paid to Consolidated Account	3,058,271	1,725,665

The Current Agreement section 10.3 determines that the Public Trustee is to pay \$3,998,000 (2018: \$4,526,000) 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.

## 7. Income

	2019	2018
	\$	\$
Fees and charges	18,365,908	18,064,053
Public Trustee 6% fee from Common Account	718,880	691,401
Management fee from Strategic Common Account	1,103,425	1,146,246
Receipts from Common Account surplus interest	3,998,000	4,526,000
Interest revenue	1,022,844	984,002
Other revenue	45,927	32,280
	<b>25,254,984</b>	<b>25,443,982</b>

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.

## 8. Cash and cash equivalents

	2019	2018
	\$	\$
Cash and cash equivalents	31,932,327	30,448,397

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.

## 9. Receivables

	2019	2018
	\$	\$
<b>Current</b>		
Receivables	88,000	93,000
Allowance for expected credit losses	-	(20,526)
Amount due from Department of Justice	19,729	-
<b>Total current receivables</b>	<b>107,729</b>	<b>72,474</b>

Receivables are recognised at original invoice amount less an allowance for any expected credit loss.

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

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 (expected credit losses) is raised when there is objective evidence that the Public Trustee will not be able to collect the debts.

## 10. Accrued Fees payable to Consolidated Account

	2019	2018
	\$	\$
Fees payable to Consolidated Account	-	233,284

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.

## 11. Reserves

	Note	2019 \$	2018 \$
<b>Total Reserves</b>			
Balance at start of period		21,799,615	19,052,159
Transfer to Reserves		4,497,411	5,611,278
Transfer from Reserves		(3,311,813)	(2,863,822)
<b>Balance at end of period</b>		<b>22,985,213</b>	<b>21,799,615</b>
<b>Represented by:</b>			
<b>Indemnity Reserve</b>			
Balance at start of period		4,062,403	4,115,282
Transfer to Reserves		499,411	1,085,278
Transfer from Reserves		(253,542)	(1,138,157)
<b>Balance at end of period</b>	11(a)	<b>4,308,272</b>	<b>4,062,403</b>
<b>Business Development Reserve</b>			
Balance at start of period		17,737,212	14,936,877
Transfer to Reserves		3,998,000	4,526,000
Transfer from Reserves		(3,058,271)	(1,725,665)
<b>Balance at end of period</b>	11(b)	<b>18,676,941</b>	<b>17,737,212</b>
<b>Total balance of Reserves at end of period</b>		<b>22,985,213</b>	<b>21,799,615</b>

### 11 (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.

### 11 (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*.

## 12. Commitments

	2019 \$	2018 \$
<b>Cancellable operating lease commitments</b>		
Commitments for minimum lease payments are payable as follows:		
Within 1 year	1,771,211	1,763,319
Later than 1 year and not later than 5 years	1,242,281	3,000,057
Later than 5 years	-	-
	<b>3,013,492</b>	<b>4,763,375</b>

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.

### **13. Contingent liabilities**

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

#### **Litigation in progress**

The Public Trustee has 32 matters (2018: 17) where litigation against the Public Trustee may result or has started. They involve potential claims for damages to the value of \$17.2 million (2018: \$13.3 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 Water and Environmental Regulation (DWER). In accordance with the Act, DWER 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 DWER.

### **14. 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.

### **15. Financial instruments**

#### **15 (a) Financial assets**

##### **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Public Trustee's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Public Trustee has applied the practical expedient, the Public Trustee initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Public Trustee has applied the practical expedient are measured at the transaction price determined under AASB 15. Refer to note 7 for the accounting policies on income.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Public Trustee's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

### **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

The Public Trustee only held financial assets at amortised cost from 1 July 2018.

### **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Public Trustee. The Public Trustee measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gain and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Public Trustee's financial assets at amortised cost include receivables.

### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar assets) is primarily derecognised (i.e., removed from the statement of financial position) when:

- The rights to receive cash flows from the asset have expired; or
- The Public Trustee has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either the Public Trustee has transferred substantially all the risks and rewards of the asset; or the Public Trustee has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Public Trustee has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Public Trustee continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Public Trustee also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Public Trustee has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Public Trustee could be required to repay.

## Impairment of financial assets

The Public Trustee recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Public Trustee expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For receivables, the Public Trustee applies a simplified approach in calculating ECLs. Therefore, the Public Trustee does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Public Trustee has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

## 15 (b) Financial liabilities

### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Public Trustee's financial liabilities include accrued fees payable to Consolidated Account and other payables.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### 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:

	2019 \$	2018 \$
<b>Financial Assets</b>		
Cash and cash equivalents	31,932,327	30,448,397
Receivables	107,729	72,474
<b>Financial Liabilities</b>		
Accrued fees payable to Consolidated Account	-	233,284
Payables(*)	-	-

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

## 16. 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.

## 17. 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.

## 17 (a) Compensation of members of the Public Trustee

Compensation Band (\$)	2019	2018
240,001 - 250,000	-	1
280,001 - 290,000	1	-
	\$	\$
Total compensation of members of the Public Trustee	280,457	243,652

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

## 17 (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 (\$)	2019	2018
90,001 - 100,000	-	1
150,001 - 160,000	-	1
160,001 - 170,000	1	-
170,001 - 180,000	1	-
180,001 - 190,000	2	1
200,001 - 210,000	-	1
220,001 - 230,000	-	1
250,001 - 260,000	1	-
	\$	\$
Total compensation of senior officers	956,668	867,032

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.

## 18. 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.
- Receivables (note 9)
- Accrued fees payable to Consolidated Account (note 10).
- Remuneration for services provided by the Auditor General.

## 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.

### 19. 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 2019:

	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Opening balance	2,312	2,487
Expenditure	(88)	(175)
<b>Closing balance</b>	<b>2,224</b>	<b>2,312</b>

### 20. Explanatory statement

All variances between estimates (original budget) and actual results for 2019, and between the actual results for 2019 and 2018 are shown below. Narratives are provided for key major variances, which are generally greater than 5% and \$923,000.

## 20 (a) Statement of Comprehensive Income Variances

	Variance Note	Estimate 2019	Actual 2019	Actual 2018	Variance estimate and actual	Variance actual 2019 and 2018
		\$000	\$000	\$000	\$000	\$000
<b>EXPENSES</b>						
Write-offs and doubtful debts		300	299	1,187	(1)	(888)
Employee benefits expense		16,680	16,423	15,614	(257)	809
Depreciation		745	769	758	24	11
Administration expenses		2,078	2,385	2,508	307	(123)
Accommodation expenses		2,703	2,703	2,562	-	141
Corporate service expenses		2,354	1,987	2,190	(367)	(203)
<b>Total expenses before payments to Consolidated Account</b>		<b>24,860</b>	<b>24,566</b>	<b>24,819</b>	<b>(294)</b>	<b>(253)</b>
Fees paid to Consolidated Account		20,122	20,122	19,612	-	510
Surplus Common Account interest paid to Consolidated Account	(i),(a)	3,998	3,058	1,726	(940)	1,332
Other payments to Consolidated Account		491	-	-	(491)	-
<b>Total cost of services</b>		<b>49,471</b>	<b>47,746</b>	<b>46,157</b>	<b>(1,725)</b>	<b>1,589</b>
<b>INCOME</b>						
Fees and charges		18,283	18,366	18,064	83	302
6% fee from Common Account		671	719	691	48	28
Management fee from Strategic Common Accounts		1,168	1,103	1,146	(65)	(43)
Receipts from Common Account surplus interest		4,489	3,998	4,526	(491)	(528)
Interest revenue		941	1,023	984	82	39
Other revenue		25	46	32	21	14
<b>Total income other than income from State Government</b>		<b>25,577</b>	<b>25,255</b>	<b>25,444</b>	<b>(322)</b>	<b>(189)</b>
<b>NET COST OF SERVICES</b>		<b>23,894</b>	<b>22,491</b>	<b>20,713</b>	<b>(1,403)</b>	<b>1,778</b>
<b>INCOME FROM STATE GOVERNMENT</b>						
Recoups and other revenue from Department of Justice		11	38	-	27	38
Services received free of charge from Department of Justice		24,549	24,229	23,632	(320)	597
<b>Total income from State Government</b>		<b>24,560</b>	<b>24,267</b>	<b>23,632</b>	<b>(293)</b>	<b>635</b>
<b>SURPLUS FOR THE PERIOD</b>		<b>666</b>	<b>1,776</b>	<b>2,919</b>	<b>1,110</b>	<b>(1,143)</b>
<b>OTHER COMPREHENSIVE INCOME</b>						
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>666</b>	<b>1,776</b>	<b>2,919</b>	<b>1,110</b>	<b>(1,143)</b>

### 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 \$0.9 million mainly due the lower expenditure that was required to be reimbursed to the Consolidated account.

## Significant variances between current and prior year actual

- (a) The increase in surplus Common Account interest paid to the Consolidated account by \$1.3 million was because last year there was an offset of \$1.2 million for a reduction in the prior year's payment.

### 20 (b) Statement of Cash Flows Variances

Variance Note	Actual 2019	Actual 2018	Variance actual 2019 and 2018
	\$000	\$000	\$000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Fees raised from Estates and Trusts	18,366	18,064	302
Public Trustee 6% fee from Common Account	719	691	28
Management fee from Strategic Common Accounts	1,108	1,146	(38)
Receipts from Common Account Surplus Interest	3,998	4,526	(528)
Interest received	1,023	984	39
GST receipts on fees	2,245	2,372	(127)
Other revenue	46	32	14
<b>Payments</b>			
Payments on clients' behalf written-off	(319)	(1,240)	921
GST payments on purchases	(181)	(286)	105
GST payments to taxation authority	(2,088)	(2,134)	46
<b>Net cash provided by operating activities</b>	<b>24,917</b>	<b>24,155</b>	<b>762</b>
<b>CASH FLOWS TO STATE GOVERNMENT</b>			
Fees paid to Consolidated Account	(20,122)	(19,612)	(510)
Surplus Common Account Interest paid to Consolidated Account	(3,311)	(2,412)	(899)
<b>Net cash paid to State Government</b>	<b>(23,433)</b>	<b>(22,024)</b>	<b>(1,409)</b>
<b>Net increase in cash and cash equivalents</b>	<b>1,484</b>	<b>2,131</b>	<b>(647)</b>
Cash and cash equivalents at the beginning of the period	<b>30,448</b>	<b>28,317</b>	<b>2,131</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>	<b>31,932</b>	<b>30,448</b>	<b>1,484</b>

### 21. Estates and Trusts under administration

The following statement of assets held and/or liabilities incurred in a trustee capacity is prepared in accordance with Treasurer's Instruction 1103(15)(ii). It includes all assets realised and non-realised which are under the control and administration of the Public Trustee.

**Statement of Estates and Trusts administered as at 30 June 2019**  
**NET TRUST ASSETS UNDER ADMINISTRATION**

	Note	2019 \$	2018 \$
<b>ESTATES AND TRUSTS</b>			
Deceased Estates		251,549,699	202,915,512
Direct Action		6,363,985	4,633,305
Entitled Trusts		362,587,195	351,908,409
Protected Management		504,697,568	499,059,337
Testamentary Trusts		62,295,977	63,610,405
Power of Attorney		13,162,758	7,274,044
Trusts		26,857,462	24,271,823
Safe-care		3,420,225	7,013,702
<b>NET TRUST ASSETS</b>		<b>1,230,934,869</b>	<b>1,160,686,537</b>
<b>Represented by:</b>			
Investments in Common Account	24(h)	322,410,381	298,930,139
Investments in Strategic Common Accounts	25(a)	231,378,304	233,270,429
Bank deposits		182,412,239	161,232,863
Equities	23(a)	35,541,814	40,775,055
Unit Trusts	23(a)	4,253,747	7,624,748
Life Policies	23(b)	1,699,081	1,582,389
Real Estate	23(c)	451,919,560	429,955,752
Other Assets	23(d)	60,411,225	54,940,173
<b>Total Investment and Loan Assets</b>		<b>1,290,026,351</b>	<b>1,228,311,548</b>
<b>TOTAL TRUST ASSETS</b>		<b>1,290,026,351</b>	<b>1,228,311,548</b>
<b>CURRENT LIABILITIES</b>			
Payables		39,574,375	45,449,990
Loans		1,706,743	1,847,094
Mortgages – Deceased estates		4,634,139	6,143,992
<b>Total Current Liabilities</b>		<b>45,915,257</b>	<b>53,441,076</b>
<b>NON CURRENT LIABILITIES</b>			
Mortgages – Trust estates		13,176,225	14,183,935
<b>Total Non Current Liabilities</b>		<b>13,176,225</b>	<b>14,183,935</b>
<b>TOTAL TRUST LIABILITIES</b>		<b>59,091,482</b>	<b>67,625,011</b>
<b>NET TRUST ASSETS</b>		<b>1,230,934,869</b>	<b>1,160,686,537</b>

## BASIS OF VALUATIONS

### **21 (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.

### **21 (b) Life policies**

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

### **21 (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.

### **21 (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.

## **22. 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.

**22 (a) PUBLIC TRUSTEE COMMON ACCOUNT  
STATEMENT OF COMPREHENSIVE INCOME  
For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>EXPENSES</b>			
Investment expenses	22(g)	1,794,886	1,821,414
Interest paid to Estates and Trusts	22(e)	3,540,632	3,273,583
Decrement from revaluation of investment property	22(g)	-	1,042,606
<b>Total expenses before payments to Public Trustee</b>		<b>5,335,518</b>	<b>6,137,603</b>
6% fee paid to the Public Trustee		718,880	691,401
Interest paid to the Public Trustee		1,022,844	984,002
Surplus Common account interest paid to Public Trustee		3,998,000	4,526,000
<b>Total expenses</b>		<b>11,075,242</b>	<b>12,339,006</b>
<b>INCOME</b>			
Investment income		14,075,220	13,344,745
Increment from revaluation of investment property	22(g)	534,071	-
<b>Total income</b>		<b>14,609,291</b>	<b>13,344,745</b>
<b>SURPLUS FOR THE YEAR</b>		<b>3,534,049</b>	<b>1,005,739</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>3,534,049</b>	<b>1,005,739</b>

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

**22 (b) PUBLIC TRUSTEE COMMON ACCOUNT  
STATEMENT OF FINANCIAL POSITION  
As at 30 June 2019**

	Note	2019 \$	2018 \$
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash at bank	22(j)	17,858,647	20,973,863
Cash equivalents	22(j)	311,000,000	280,000,000
Receivables	22(f)	7,318	270,725
Accrued income		1,683,769	1,548,555
<b>Total Current Assets</b>		<b>330,549,734</b>	<b>302,793,143</b>
<b>Non-Current Assets</b>			
Investment property	22(g)	37,200,000	36,400,000
<b>Total Non-Current Assets</b>		<b>37,200,000</b>	<b>36,400,000</b>
<b>TOTAL ASSETS</b>		<b>367,749,734</b>	<b>339,193,143</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Fees & accrued taxation		1,072,306	1,107,575
Payables		2,350	1,938
Public Trustee Funds	8	31,932,327	30,448,397
Accrued Interest payable to Estates and Trusts		899,561	806,334
<b>Total Current Liabilities</b>		<b>33,906,544</b>	<b>32,364,244</b>
<b>Non-Current Liabilities</b>			
Estates & Trusts under Administration	22(h)	322,410,381	298,930,139
<b>Total Non-Current Liabilities</b>		<b>322,410,381</b>	<b>298,930,139</b>
<b>TOTAL LIABILITIES</b>		<b>356,316,925</b>	<b>331,294,383</b>
<b>NET ASSETS</b>		<b>11,432,809</b>	<b>7,898,760</b>
<b>EQUITY</b>			
Common Account investment reserve	22(i)	-	-
Accumulated surplus		11,432,809	7,898,760
<b>TOTAL EQUITY</b>		<b>11,432,809</b>	<b>7,898,760</b>

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

22 (c) **PUBLIC TRUSTEE COMMON ACCOUNT  
STATEMENT OF CHANGES IN EQUITY**  
For the year ended 30 June 2019

	Note	Common Account Investment Reserve \$	Accumulated surplus \$	Total equity \$
<b>Balance at 1 July 2017</b>		-	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
<b>Balance at 30 June 2018</b>		-	<b>7,898,760</b>	<b>7,898,760</b>
<b>Balance at 1 July 2018</b>		-	7,898,760	7,898,760
Surplus		-	3,534,049	3,534,049
Other comprehensive income		-	-	-
Total comprehensive income for the period		-	3,534,049	3,534,049
<b>Balance at 30 June 2019</b>		-	<b>11,432,809</b>	<b>11,432,809</b>

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

**22 (d) PUBLIC TRUSTEE COMMON ACCOUNT  
STATEMENT OF CASH FLOWS  
For the year ended 30 June 2019**

	Note	2019 \$	2018 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Receipts</b>			
Investment income		14,203,413	13,419,978
Tax withheld from clients		7,918	13,823
<b>Payments</b>			
6% fee paid to Public Trustee		(718,880)	(691,401)
Interest paid to Estates and Trusts		(3,447,405)	(3,231,052)
Interest paid to Public Trustee		(1,022,844)	(984,002)
Investment expenses		(1,794,886)	(1,821,414)
Tax withholding paid to ATO		(8,264)	(14,422)
<b>Net cash provided by operating activities</b>		<b>7,219,052</b>	<b>6,691,510</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for investment property improvements		(265,929)	(1,142,606)
<b>Net cash (used in) investing activities</b>		<b>(265,929)</b>	<b>(1,142,606)</b>
<b>CASH FLOWS FROM ESTATES, TRUSTS &amp; PUBLIC TRUSTEE</b>			
Surplus Common Account Interest paid to Public Trustee		(3,998,000)	(4,526,000)
Net increase in Public Trustee Funds		1,483,930	2,131,672
Net increase in Estates and Trusts		23,445,731	14,354,049
<b>Net cash provided by estates, trusts &amp; Public Trustee</b>		<b>20,931,661</b>	<b>11,959,721</b>
<b>Net increase in cash and cash equivalents</b>		<b>27,884,784</b>	<b>17,508,625</b>
Cash and cash equivalents at the beginning of period		300,973,863	283,465,238
<b>Cash and cash equivalents at the end of period</b>	22(j)	<b>328,858,647</b>	<b>300,973,863</b>

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

**22 (e) Interest paid to estates and trusts**

	2019	2018
	\$	\$
Interest paid to Estates and Trusts	3,540,632	3,273,583

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*.

**22 (f) Receivables**

	2019	2018
	\$	\$
Receivable for Common account property	7,318	270,725

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

**22 (g) Investment Property**

	2019	2018
	\$	\$
<b>At fair value:</b>		
Land and building – non-current assets	37,200,000	36,400,000

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.

As at the date of revaluation 30 June 2019 and 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.

	2019	2018
	\$	\$
Rental income derived from investment property	5,594,212	5,924,970
Direct operating expenses generating rental income	(1,794,886)	(1,821,414)
Profit arising from investment property carried at fair value	<b>3,799,326</b>	<b>4,103,556</b>

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.

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

	2019	2018
	\$	\$
Carrying amount at beginning of period	36,400,000	36,300,000
Additions and capital improvements	265,929	1,142,606
Revaluation increment /(decrement)	534,071	(1,042,606)
Carrying amount at end of period	<b>37,200,000</b>	<b>36,400,000</b>

## Fair Value measurements

Assets measured at fair value	Valuation Date	Fair Value at end of period \$
<b>2019</b>		
Investment property	30 June 2019	37,200,000
<b>2018</b>		
Investment property	30 June 2018	36,400,000

## 22 (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.

Activity	2019 \$	2018 \$
Safe-care	26,242	383,526
Deceased Estates	67,752,288	62,789,352
Direct Action	4,508,676	3,764,979
Entitled Trusts	70,432,323	61,477,660
Protected Management	148,587,911	137,942,457
Testamentary Trusts	12,474,930	16,541,993
Power of Attorney	4,644,877	4,390,866
Trusts	13,983,134	11,639,306
<b>Total estates and trusts under administration</b>	<b>322,410,381</b>	<b>298,930,139</b>

## 22 (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.

	2019 \$	2018 \$
<b>Common Account investment reserve</b>		
Balance at start of year	-	-
Transfer to accumulated surplus	-	-
Balance at end of year	-	-

## 22 (j) Cash and cash equivalents

	2019 \$	2018 \$
Cash at bank	17,858,647	20,973,863
Cash equivalents	311,000,000	280,000,000
<b>Cash and cash equivalents</b>	<b>328,858,647</b>	<b>300,973,863</b>

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 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.

### 23. 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.

#### 23 (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.

<b>Activity</b>	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
Deceased Estates	515,490	220,814
Entitled Trusts	168,053,850	172,955,279
Protected Management	39,654,200	36,130,316
Testamentary Trusts	15,239,702	13,690,374
Power of Attorney	475,471	633,130
Trusts	4,045,608	3,010,340
Safe-care	3,393,983	6,630,176
<b>Total estates and trusts under administration</b>	<b>231,378,304</b>	<b>233,270,429</b>

**23 (b) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS**  
**STATEMENTS OF CHANGES IN NET ASSETS**  
For the year ended 30 June 2019

2019	Cash \$'000	Conservative \$'000	Growth \$'000	Growth Plus \$'000	Total \$'000
<b>Net Assets at the beginning of the reporting period</b>	-	37,896	178,514	2,969	219,379
Applications	-	4,819	13,603	-	18,442
Redemptions	-	(3,867)	(12,996)	-	16,863
	-	<b>38,848</b>	<b>179,121</b>	<b>2,969</b>	<b>220,938</b>
<b>Expenses</b>					
Trustee's fees	-	203	935	15	1,153
Custody fees	-	62	278	7	347
<b>Total expenses</b>	-	265	1,213	22	1,500
<b>Investment Income</b>					
Interest income	-	-	3	-	3
Trust distributions	-	1,910	7,958	134	10,002
Net gains on financial instruments held at fair value through profit or loss	-	481	5,455	81	6,017
Other income	-	90	271	11	372
<b>Total net investment income</b>	-	2,481	13,687	226	16,394
<b>Profit before finance costs attributable to unit holders</b>	-	2,216	12,474	204	14,894
<b>Financing costs attributable to unit holders</b>					
Distributions to unit holders	-	2,072	10,713	124	12,909
<b>Increase in net assets attributable to unit holders</b>	-	144	1,761	80	1,985
<b>Net Assets at the end of the reporting period</b>	-	<b>38,992</b>	<b>180,882</b>	<b>3,049</b>	<b>222,923</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
<b>Net Assets at the beginning of the reporting period</b>	-	42,119	173,876	2,819	218,814
Applications	-	2,322	10,965	-	13,287
Redemptions	-	(7,137)	(8,109)	-	(15,246)
	-	<b>37,304</b>	<b>176,732</b>	<b>2,819</b>	<b>216,855</b>
<b>Expenses</b>					
Trustee's fees	-	219	963	16	1,198
Custody fees	-	66	286	7	359
<b>Total expenses</b>	-	285	1,249	23	1,557
<b>Investment Income</b>					
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
<b>Total net investment income/(loss)</b>	-	2,337	17,594	384	20,315
<b>Profit/(loss) before finance costs attributable to unit holders</b>	-	2,052	16,345	361	18,758
<b>Financing costs attributable to unit holders</b>					
Distributions to unit holders	-	1,460	14,563	211	16,234
<b>Increase in net assets attributable to unit holders</b>	-	<b>592</b>	<b>1,782</b>	<b>150</b>	<b>2,524</b>
<b>Net Assets at the end of the reporting period</b>	-	<b>37,896</b>	<b>178,514</b>	<b>2,969</b>	<b>219,379</b>

**23 (c) PUBLIC TRUSTEE STRATEGIC COMMON ACCOUNTS  
STATEMENTS OF NET ASSETS  
As at 30 June 2019**

<b>2019</b>	<b>Cash \$'000</b>	<b>Conservative \$'000</b>	<b>Growth \$'000</b>	<b>Growth Plus \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>					
Cash and cash equivalents	-	9	30	2	41
Receivables	-	1,556	5,592	102	7,250
Financial assets held at fair value through profit or loss	-	39,119	182,070	3,044	224,233
<b>Total assets</b>	-	<b>40,684</b>	<b>187,692</b>	<b>3,148</b>	<b>231,524</b>
<b>Liabilities</b>					
Distributions payable	-	1,670	6,709	97	8,476
Payables	-	22	101	2	125
<b>Total liabilities (excluding net assets attributable to unit holders)</b>	-	<b>1,692</b>	<b>6,810</b>	<b>99</b>	<b>8,601</b>
<b>Net assets attributable to unit holders - liability</b>	-	<b>38,992</b>	<b>180,882</b>	<b>3,049</b>	<b>222,923</b>
<b>2018</b>					
<b>2018</b>	<b>Cash \$'000</b>	<b>Conservative \$'000</b>	<b>Growth \$'000</b>	<b>Growth Plus \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>					
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
<b>Total assets</b>	-	<b>39,047</b>	<b>191,626</b>	<b>3,171</b>	<b>233,844</b>
<b>Liabilities</b>					
Distributions payable	-	1,128	13,004	200	14,332
Payables	-	23	108	2	133
<b>Total liabilities (excluding net assets attributable to unit holders)</b>	-	<b>1,151</b>	<b>13,112</b>	<b>202</b>	<b>14,465</b>
<b>Net assets attributable to unit holders - liability</b>	-	<b>37,896</b>	<b>178,514</b>	<b>2,969</b>	<b>219,379</b>



**CERTIFICATION OF KEY PERFORMANCE INDICATORS  
FOR THE YEAR ENDED 30 JUNE 2019**

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 2019.

*Brian Roche*

**Brian Roche**

Accountable Authority

6 September 2019

## 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 Public Trustee 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 TI 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.

## 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 2018 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 401 responses, with 70% participation rate, represented the total population of approximately 13,000 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.

	2015-16	2016-17	2017-18	2018-19	Target
Extent to which trust management services meet the needs of customers	77%	75%	81%	80%	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. There have been no changes in the target since previous year.

	2015-16	2016-17	2017-18	2018-19	Target
Percentage of Western Australian deceased estates administered by the Public Trustee	4.1%	4.3%	4.4%	4.1%	4.0%

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

### 1.3 Percentage of estates finalised within 12 months

This indicator provides a measure of success from a client's perspective, of the average time taken to administer an estate.

It would be impractical to include all estates closed during the 12-month period as some of the estates may have been under administration for as long as 50 years, as in case of a life interest. Issues such as life interests, taxation, family disputes and testator family maintenance actions contribute to the time taken to close an estate, which are outside the 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 the previous year.

	2015-16	2016-17	2017-18	2018-19	Target
Percent of estates finalised within 12 months of being reported	58%	55%	60%	60%	64%

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. The target has not changed since previous year.

	2015-16	2016-17	2017-18	2018-19	Target
Percentage of clients who have services provided by the Public Trustee under OS	53%	54%	56%	57%	50%

There is no significant variation with the previous year's result. The higher actual result compared to target is due to an increased number of trustee services delivered to vulnerable persons under an operating subsidy.

### 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.

	2015-16	2016-17	2017-18	2018-19	Target
Cost per trust managed	\$1,870	\$1,812	\$1,808	\$1,822	\$1,850

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

#### 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.

	2015-16	2016-17	2017-18	2018-19	Target
Cost per deceased estate administered	\$2,664	\$2,639	\$2,815	\$2,478	\$2,586

There is no significant variation with the target. The lower actual result compared to previous year is due to an increase in the number of Estate files following the reallocation of a number of files from Trust to Estate as a result of an organisational restructure.

#### 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.

	2015-16	2016-17	2017-18	2018-19	Target
Cost per Will prepared	\$797	\$655	\$653	\$662	\$659

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)** %
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
2019	0.25	0.75, 1.50 & 2.00	0.75, 1.50 & 2.00	0.35

\*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.

### 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:

	2016 %	2017 %	2018 %	2019 %
Treasury Earning Rate	2.26%	1.96%	1.95%	2.07%
CMT Benchmark Rate	1.97%	1.52%	1.50%	1.48%
Public Trustee Common Account (*)	4.15%	3.87%	3.52%	3.37%

(\*) excludes capital growth/loss.

In the twelve months to 30 June 2019, the Public Trustee Common Account achieved a net return of 3.37% (2018: 3.52%) on the investment of the funds comprising the Common Account. Average funds under management for the year to 30 June totalled \$356 million (2018: \$327 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, the total average value of the Common Account for the year was \$356 million (2018: \$327 million), with a further \$231 million (2018: \$233 million) invested in the financial market in the Strategic Common Accounts and \$40 million (2018: \$48 million) in equities and managed funds on behalf of clients.

	2015-16	2016-17	2017-18	2018-19
Cost of managing funds*	\$548,576	\$558,272	\$566,656	\$571,726
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.



*Director Business Development & Marketing Etta Palumbo presenting Will Talk in Bunbury*

# 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 2019, 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 2019 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 2019.

### ***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 2019. 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 Trustee's performance and fairly represent indicated performance for the year ended 30 June 2019.

#### **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 2019 included on the Trustee's website. The Trustee's management is responsible for the integrity of the Trustee's website. This audit does not provide assurance on the integrity of the 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  
9 September 2019

**ESTIMATES 2020**  
**PUBLIC TRUSTEE**  
**STATEMENT OF COMPREHENSIVE INCOME**  
For the year ended 30 June 2020

	<b>ESTIMATES</b>	<b>ACTUAL</b>
	<b>2020</b>	<b>2019</b>
	<b>\$000</b>	<b>\$000</b>
<b>COST OF SERVICES</b>		
<b>EXPENSES</b>		
Write-offs and doubtful debts expense	300	299
Employee benefits expense	17,460	16,423
Depreciation expense	757	769
Administration expenses	2,086	2,385
Accommodation expenses	2,770	2,703
Corporate service expenses	2,017	1,987
<b>Total expenses before payments to Consolidated Account</b>	<b>25,390</b>	<b>24,566</b>
Fees paid to Consolidated Account	20,756	20,122
Surplus Common Account Interest paid to Consolidated Account	3,579	3,058
Other expenses and reserves paid to Consolidated Account	5	-
<b>Total cost of services</b>	<b>49,730</b>	<b>47,746</b>
<b>INCOME</b>		
Fees raised from Estates and Trusts	19,094	18,366
Public Trustee 6% fee from Common Account	528	719
Management fee from Strategic Common Account	1,134	1,103
Receipts from Common Account surplus interest	3,584	3,998
Interest revenue	801	1,023
Other revenue	40	46
<b>Total Income other than income from State Government</b>	<b>25,181</b>	<b>25,255</b>
<b>NET COST OF SERVICES</b>	<b>24,549</b>	<b>22,491</b>
<b>INCOME FROM STATE GOVERNMENT</b>		
Recoups and other revenue from the Department of Justice	1	38
Resources received free of charge from Department of Justice	25,089	24,229
<b>Total income from State Government</b>	<b>25,090</b>	<b>24,267</b>
<b>SURPLUS FOR THE PERIOD</b>	<b>541</b>	<b>1,776</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>	<b>541</b>	<b>1,776</b>

**ESTIMATES 2020  
PUBLIC TRUSTEE  
STATEMENT OF FINANCIAL POSITION  
As at 30 June 2020**

	<b>ESTIMATES 2020 \$000</b>	<b>ACTUAL 2019 \$000</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	32,199	31,932
Receivables	90	108
<b>Total Current Assets</b>	<u>32,289</u>	<u>32,040</u>
<b>TOTAL ASSETS</b>	<u>32,289</u>	<u>32,040</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Fees payable to Consolidated Account	150	-
Payables	170	92
<b>Total Current Liabilities</b>	<u>320</u>	<u>92</u>
<b>TOTAL LIABILITIES</b>	<u>320</u>	<u>92</u>
<b>NET ASSETS</b>	<u>31,969</u>	<u>31,948</u>
<b>EQUITY</b>		
Indemnity reserve	4,130	4,308
Business development reserve	18,438	18,677
Accumulated surplus	9,401	8,963
<b>TOTAL EQUITY</b>	<u>31,969</u>	<u>31,948</u>

## Ministerial Directions

No Ministerial directives were received during 2018/19.

## 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 2018/19 year which was applied to the majority of fees.

The list of fees and charges was published in the Gazette on 18 June 2018 and introduced from 1 July 2018. Details are available from [www.publictrustee.wa.gov.au](http://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 165, compared with 161.1 in 2017/18 and represents an increase of 2.42%.

Staff profile (FTE)	2017/18	2018/19
Full-time permanent	134	134
Full-time contract	14	19
Part-time measured on an FTE basis	12.1	11
On secondment	1	1
Staff FTE	161.1	165

## Summary of Current Agreement 2018/19

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 2018 to 30 June 2019.

### Scale of Fees

The Public Trustee charges fees for its services. These fees are determined by a Scale of Fees that commences on 1 July of each year. Unless otherwise specified, the Public Trustee increase its fees by 1.5%.

### Consolidated Account

If the total fees collected:

- do not exceed the Public Trustee Contribution – Estate Fees and Other Revenue as determined in the 2018/19 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 2018/19 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 2018/19 Budget Statements from this Reserve to the Consolidated Account. The amount will be reduced by any amount paid to the Consolidated Account that is in excess of "Public Trustee Contribution – Estate Fees and Other Revenue" and also where overall revenue exceeds the net operating costs of the Public Trustee.

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.

## 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 \$133,669 incurred in the following areas:

	Supplier	Expenditure
Market Research	Catalyse Pty Ltd	64,200
Media Advertising	Adcorp Australia	10,550
Media Advertising	DPS Publishing	4,090
Media Advertising	Facebook	1,339
Media Advertising	Fairfax Media	125
Graphic Design	Orange Design	14,966
Media Advertising	Initiative	25,550
Media Advertising	Carat Australia Media	12,812
Media Advertising	State Law Publisher	37
	<b>TOTAL</b>	<b>133,669</b>

### **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

*Brian Roche*

**Brian Roche** BBus, MMgt  
**PUBLIC TRUSTEE**  
Accountable Authority  
6 September 2019

### **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.

## Disability Access and Inclusion Plan Outcomes

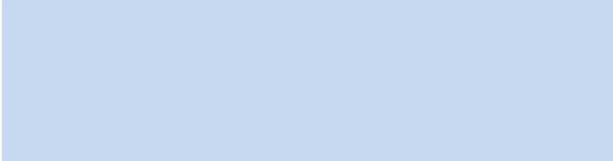
In compliance with section 29 of the *Disability Services Act 1993*, the Public Trustee recognises its responsibilities under DoJ's Disability Access and Inclusion Plan 2018-2023 by ensuring clients with physical, intellectual, sensory or cognitive disabilities, their families and carers are provided with professional and appropriate services.

The Public Trustee concluded a three year program to transition long standing clients with mental disabilities who were appointed under repealed sections of the *Public Trustee Act 1941* to arrangements better aligned with the Convention on the Rights of Persons with Disabilities.

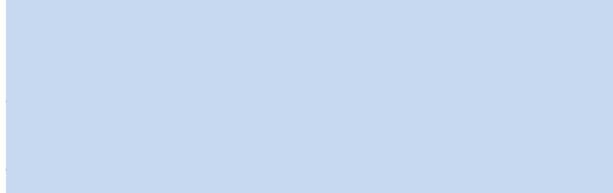


The Public Trustee offers a mobile Wills service to clients who are disabled and may need to have their Will prepared at their home, a care facility or hospital. Wills staff visited 84 clients living within a 30km radius of the CBD.

Trust managers meet their clients at home or other appropriate locations and all events organised by the Public Trustee were planned with the accessibility needs of the attendees considered.



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.

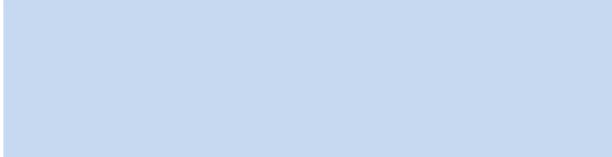


The Public Trustee provides access to Auslan interpreters, and brochures and publications include large fonts and alternative versions. The Public Trustee's website includes large print viewing.



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 a disability. All Managers received mental health first aid training and the majority are now accredited.



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



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.



The Public Trustee follows the Department of Justice's recruitment, selection and retention processes.

## Recruitment, Selection and Appointment Standard

13 permanent and fixed-term vacancies of more than 6 months were advertised from across all business areas, including 4 appointment pools, which were covered by the Recruitment, Selection and Appointment Standard, and attracted a total of 292 applicants.

	2017/18	2018/19
Advertised vacancies	11	13/403
Appointment Pools	3/115	4/292

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's electronic document and records management system (EDRMS) Micro Focus Content Manager 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) is due for review in March 2023.

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 State and Local government agencies.

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

## Government Policy Requirements

### Substantive Equality

Substantive equality recognises that individuals have different needs, and may require different treatment to achieve equal outcomes.

The Public Trustee follows the Department of Justice's Substantive Equality Policy, based on the State Government's 2015 Policy Framework for Substantive Equality.

All Public Trustee policy and procedure review also pays specific attention to ensure the policy/procedure promotes sensitivity to the different needs of client groups to eliminate all forms of systemic discrimination.

### Freedom of Information Requests

Four FOI applications were received in 2018/19, of which three were dealt with under s47 of the *Public Trustee Act 1941*.

There was one valid FOI application.

## 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	2018/19
Complaints	138
Compliments	39
Other	2
Suggestions	1
Total	180

The most commonly used feedback method was via the Public Trustee website (54%); followed by email (32%); letter (9%); telephone (5%) and feedback form (0%).

Further analysis of the complaints shows the most common were in relation to Delivery of Services (29%); Access to Services (20%); Decision Making (18%); Communication (10%); Staff (9%); and Costs (5%).

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

Compliments ranged from Client Service Officers being described as "most obliging and courteous" with the client going on to say that "they almost make the contemplation of one's death a pleasant experience". To a beneficiary who thanked the Estate Manager for making "the difficult process as streamlined as it could be. You really did make a difference with my grieving and I cannot thank you enough." The Trust Manager who was described as being "professional, friendly and client centered," and thanked for being a "very empathetic and caring person, always willing to go the extra mile to get back to us with any concerns we had." The Legal Officer who was commended on his "direction, compassion and competence." And the Marketing Team who, having doubled the number of public seminars, received compliments such as "Really informative talks. The presenter was great, with an excellent balance of information and examples," and "I learnt so much, so well run, thank you."

## Government Building Contracts

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



*Legal Officer Garry Woo presenting at WA Will Week 10 – 16 March 2019*

## 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	
	2017/18	2018/19	Target	Comment
Number of fatalities	0	0	0	0
Lost time injury and/or disease incidence rate	0	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	0	0	>80%	Target achieved
Percentage of managers trained in OHS and injury management responsibilities	89%	89%	>80%	Target achieved

## Contact Information:

Postal	Address	Electronic
PO Box M946 PERTH WA 6843	553 Hay Street PERTH WA 6000	Internet: <a href="http://www.publictrustee.wa.gov.au">www.publictrustee.wa.gov.au</a> Email: <a href="mailto:public.trustee@justice.wa.gov.au">public.trustee@justice.wa.gov.au</a>  Telephone: Wills, Deceased Estates and EPA – 1300 476 116 Administration and Represented Persons – 1300 746 212