
Public Trustee NSW

AUDIT OPINION

The audit of the Trustee's financial report for the year ended 30 June 2008 resulted in an unqualified Independent Auditor's Report.

KEY ISSUES

Reporting Structure

Last year we recommended that the Trustee, in conjunction with The Treasury, examine the reporting structure of the Trustee to ensure it reflected current legislative and accounting standard requirements in particular the relationship between the Trustee and the Common Fund.

Trustee management considered and determined the financial statements for the Trustee's corporate activities and Common Fund should not be consolidated. On balance we agree with management's determination.

Interest Suspense Account (Repeat Issue)

We recommend the Trustee and The Treasury review and, if necessary, amend the legislation governing the Interest Suspense Account maintained by the Trustee to resolve concerns over the Trustee's rights and obligations relating to funds held in the Account.

Funds of \$68.4 million (\$69.3 million in 2006-07) have accumulated in the Interest Suspense Account of the Common Fund, which is held by the Trustee under the *Public Trustee Act 1913*. There has been debate for a number of years regarding the Trustee's rights and obligations relating to these funds and it may require legislative amendments to resolve this issue.

Common Fund Report

The 2006-07 financial report for the Common Fund was received on 17 October 2008 and the audit is ongoing. When this audit is complete, management will finalise the 2007-08 financial report. The 2005-06 audit was completed in April 2008.

PERFORMANCE INFORMATION

The Trustee provided the following information regarding its performance:

The volume and value of the Trustee's operations were:

Year ended 30 June	Volume		Value (\$m)	
	2007	2008	2007	2008
Estates	1,807	1,829	496.6	532.4
Trusts	857	775	56.2	54.3
Powers of attorney	105	106	39.5	31.3
Wills	11,513	11,474	na	na

Source: Public Trustee NSW.
na: not applicable.

The volume of Estates, Trusts, Powers of Attorney and Wills has fluctuated marginally from 2006-07.

Key Performance Indicators

We recommend the Trustee publish targets for Performance Indicators in its annual report.

The Trustee uses a number of indicators to assess if it is meeting client needs, including:

Year ended 30 June	Actual		
	2006	2007	2008
Customer satisfaction index (%)	77	73	80
Process improvement satisfaction index (%)	70	66	76
Complaints received	84	84	117
Complaints requiring corrective action	24	26	21

Source: Public Trustee NSW.

The customer satisfaction index and process improvement satisfaction index recovered from a decline in 2006-07. While the number of complaints received increased by 39.3 per cent, the number of complaints requiring corrective action has decreased by 19.2 per cent.

OTHER INFORMATION

Merger with the Office of the Protective Commissioner (the Office)

The Government announced the merger of the Trustee with the Office in the '2008-09 Mini-Budget on 11 November 2008'.

FINANCIAL INFORMATION

Abridged Income Statement

Year ended 30 June	2008 \$'000	2007 \$'000
Fees and commissions	33,094	31,715
Investment revenue	2,962	6,779
Other revenue	475	510
TOTAL REVENUE	36,531	39,004
Personnel services and employee related expenses	28,455	13,141
Unrealised loss on investment	6,850	639
Other expenses	8,847	8,795
TOTAL EXPENSES	44,152	22,575
(LOSS)/PROFIT BEFORE TAX	(7,621)	16,429
Income tax equivalent expense	2,163	2,866
(LOSS)/PROFIT	(9,784)	13,563

The unfavourable movements in investment income and unrealised investment losses were primarily due to market conditions in the second half of the financial year.

Personnel services and employee related expenses increased by 116 per cent mainly due to movements in personnel services liabilities resulting from the unfavourable valuation of superannuation funds. In 2007-08, the actuarially assessed superannuation liability increased by \$6.6 million, compared to a decrease of \$6.5 million in 2006-07. Approximately \$6.5 million of the increased liability was due to the fall in the market value of the underlying investments.

Abridged Balance Sheet

At 30 June	2008 \$'000	2007 \$'000
Current assets	22,111	10,000
Non-current assets	46,669	68,628
TOTAL ASSETS	68,780	78,628
Current liabilities	11,252	12,342
Non-current liabilities	6,470	2,430
TOTAL LIABILITIES	17,722	14,772
NET ASSETS	51,058	63,856

The majority of the increase in current assets, and decrease in non-current assets, is due to a reclassification of financial instruments. Non-current liabilities increased mainly from the change in the actuarially assessed superannuation balances explained above.

The Trustee declared a dividend of \$3.5 million (\$4.5 million) which is payable to the Consolidated Fund.

TRUSTEE ACTIVITIES

Under the *Public Trustee Act 1913*, the Trustee may act as a trustee; as an executor or administrator; as collector of estates under an order to collect; as an agent or attorney; as manager of the estate of a protected person; as guardian or receiver of the estate of a minor; and as a receiver of any other property.

The Trustee has four core businesses:

- will making
- estate administration
- trusts
- power of attorney services.

Clients are provided with the following services:

- funds management
- taxation
- legal counsel
- property conveyancing
- securities.

The Trustee is also the Commissioner of Dormant Funds under the *Dormant Funds Act 1942*. This involves the investigation and disposal of unused funds acquired by trustees for charitable or other public purposes.

For further information on the Trustee, refer to www.pt.nsw.gov.au.