

The following is an extract from the South Australian Parliamentary Hansard for the House of Assembly, Tuesday 13 November. It covers discussion of the report of the Auditor General as it relates to the Public Trustee.

Tuesday 13 November 2007

HOUSE OF ASSEMBLY

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**Mrs REDMOND:** I turn to the issue of the Public Trustee at pages 188 and 189. First, below the two graphs on page 188, I notice that in 2006-07 there was an increase of \$4 million in current assets to \$11 million, which is over a 50 per cent increase basically on what was there previously. I note that there is also a reference to the building having been sold. At the top of page 189 it refers to the building having been sold for \$7.6 million. I take it that is the building in Franklin Street.

**The Hon. M.J. ATKINSON:** It is.

**Mrs REDMOND:** First, does that completely explain why there is so much more money in current assets? Was the money kept from the sale of that building? Is it set aside for the Public Trustee, did it go into general revenue, or what? What is happening in terms of accommodating the Public Trustee if the building has now been sold?

**The Hon. M.J. ATKINSON:** My advice is that the Public Trustee was allowed to keep the proceeds of the sale. It was a condition of the sale that they remain there for three years as tenants—which they are. They may remain longer.

**Mrs REDMOND:** Is there a financial statement anywhere—I could not find one—as to the financial outcome of selling a building and then occupying it under a lease?

**The Hon. M.J. ATKINSON:** That analysis does exist. It is not in the financial statements. I will give my earnest consideration to sharing that information with the member for Heysen.

**Mrs REDMOND:** Could the Attorney-General indicate whether there is a financial benefit in some way to the government? It looks like selling off the farm. A building that has been owned for generations and occupied by the Public Trustee for a long time—and it may not be the most modern building in Adelaide but it was sold for \$7.6 million—is a significant asset. I am curious as to what prompted the government to sell that property and lease it back?

**The Hon. M.J. ATKINSON:** It was a broader policy in government to dispose of these assets, but it was done on condition that there be no financial disadvantage to the Public Trustee—and that will be fulfilled.

**Mrs REDMOND:** Will the minister explain the broad policy of government to sell off these assets? Is it connected in any way with the reference to the acquisition of the old Stock Exchange building?

**The Hon. M.J. ATKINSON:** My advice is that it is a policy of the Premier's department, which may usefully be taken up on the Premier's appearance in this committee.

**Mrs REDMOND:** I refer to page 189, which states that the trust funds which reflect significant increases are deceased estates, trusts, court award orders, and so on. Some are going up by huge amounts, but, in particular, for administration matters there is a 54 per cent increase in the trust funds—which is significant, indeed. What exactly is involved in administration matters? I assume, because of the other headings, it is not dealing with the deceased estates, trusts, court award orders, protected estates and powers of attorney that are otherwise listed. What is covered by administration matters? How did they happen to increase by so much?

**The Hon. M.J. ATKINSON:** The two factors that lead to an increase in holdings by trusts are more clients, and share market investments and other investments doing well. I do not know the answer to the question, but I will get an answer for the member for Heysen.

**Mrs REDMOND:** On page 202, item 15, 'Other reserves', just below the table, it states: The reserve for deficits and other losses was created to cover losses made during the administration of estates. Payments amounting to \$229,000 were made from this reserve and recoupment of previous years' payments amounting to \$83,000 were made

to the reserve. I seek an explanation. Where does one make a loss during the administration of an estate? I am not familiar with that particular reserve.

**The Hon. M.J. ATKINSON:** We do not know the answer, but we will get an answer. My first thought is that the Public Trustee has a legal obligation to act as executor for people who make wills making it the executor, and the Public Trustee invites that by writing wills for people, provided that the Public Trustee is made the executor. In other cases it becomes an executor of last resort.

**Mrs REDMOND:** I never made a loss administering any estate.

**The Hon. M.J. ATKINSON:** That is because the member for Heysen had the ability to refuse certain jobs. She did not have a legal obligation to take on estates which had almost nothing in them or which comprised onerous property.

**Mrs REDMOND:** That is why I recommended that people leave their will with the Public Trustee.

**The Hon. M.J. ATKINSON:** The interjection illustrates the point I am making, namely, that the Public Trustee becomes the executor and administrator of last resort. My thinking on this—and I will have it confirmed when we get an answer for the member for Heysen (my, won't my department be busy)—is that the Public Trustee must take on many jobs that lead to its making a loss on the transaction—dealing with tiny estates, difficult estates and estates containing only onerous property, which result in a net loss for the Public Trustee. That is part of its community service obligation—something it does. It gives of itself for the people of South Australia—and, accordingly, you will never see that on *Today Tonight*.

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**Mrs REDMOND:** I again refer to Public Trustee; page 186. There were several matters with respect to financial management and control (about halfway down the page) where some concern seems to have been raised. I had the impression, from something that I read elsewhere, that some of these matters had been outstanding for some little time. The matters raised included: the need to update policies and procedures to reflect current control processes; a number of estate files were not provided in a timely manner for audit review purposes (that one particularly concerned me); and the need to ensure that documentation associated with estate files was complete and filed in a manner which facilitates file review. I will not read the others out.

After reading that, and a couple of other things elsewhere in relation to Public Trustee, it sounded to me as though there had been what I guess one would describe as a degree of sloppiness in relation to the management of Public Trustee files. Does the Attorney-General have any comment in relation to that matter?

**The Hon. M.J. ATKINSON:** Audit has identified that policies and procedures did not accurately reflect some of the current control processes. This is mainly owing to a new asset management system being in its transition phase, replacing the old asset management system. Although policies and procedures have been updated, they remain in draft stage until the system goes live, in six days' time. They will become active as of 19 November.

Staff had not completed 11 out of 100 requests for estate files in a timely fashion, as they were still actively working on these estates. Staff have been reminded that they must provide files in a timely manner and, if there is a need to retain the file, this must be communicated swiftly. There has been a large increase in workload in both the personal estates and estate services branches.

The increase is owing to the increased complexity of estates, including family conflict, legal issues and family property settlements and an increase in estate numbers. The overall workload increase has created pressure on resources and, as a consequence, some tasks, such as filing and file management, were deferred in the interests of maintaining client services.

Public Trustee has since temporarily employed additional staff to manage the increased workload, and a major review of workload and work practices is well advanced. Temporary staff have been engaged to remove the backlog. We have a new Public Trustee, Mark Bodycoat, and I have every confidence in him. (extract ends)