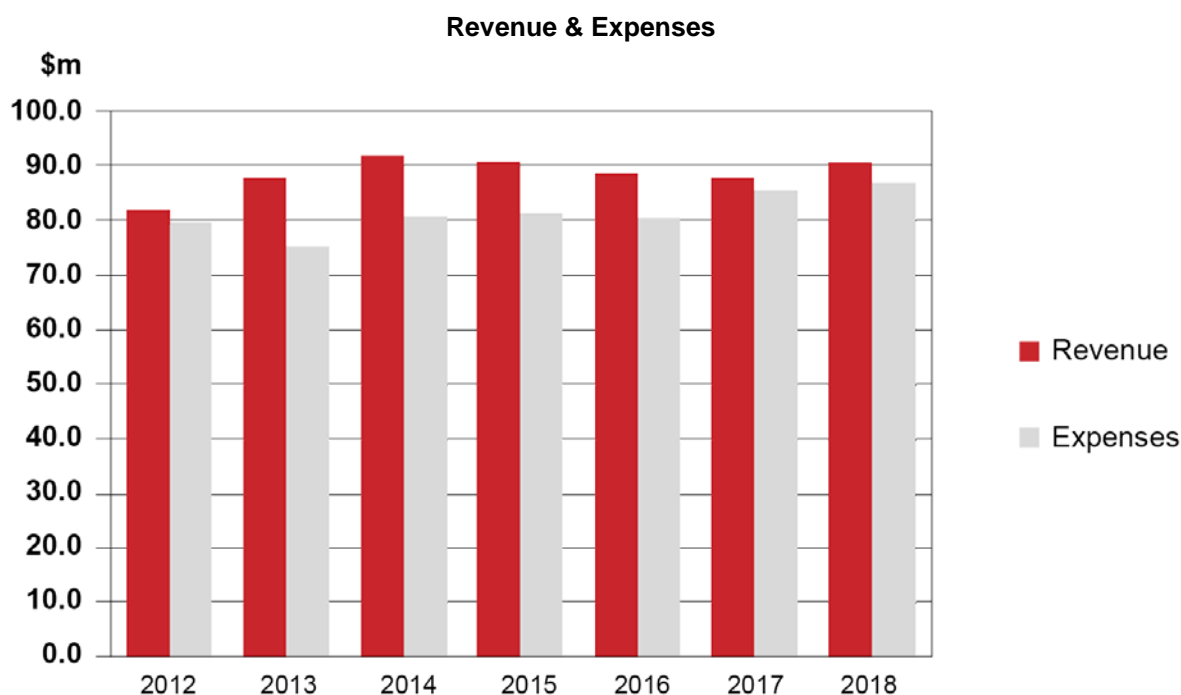


# Financial performance

The Public Trustee's Financial Statements are included from page 48.

The Public Trustee has achieved a sound financial result for 2017–18 recording an operating surplus of \$3.4 M. The financial performance benefited from higher than anticipated fee revenue and savings in employee expenses, although partially offset by higher agency staff costs included in Supplies and Services.

A summary of our revenue and expenditure over the last seven financial years is as follows:



Our revenue sources in the last two financial years comprise the following:

Revenue sources	2016–17	2017–18
Fees and Charges	63%	65%
Interest Revenue	33%	31%
Other Revenue	4%	4%
<b>Total Revenue</b>	<b>100%</b>	<b>100%</b>

Gross revenue from fees and charges increased by 7.1 per cent from the previous year. The majority of CSOs are deducted from gross fees to arrive at net fees and charges reported in the financial statements, with the remaining CSOs amount recorded in contributions expense. This year, we provided a total of \$35.6 M in CSOs at no cost to the Queensland Government, which was a 5.5 per cent increase from the previous year. The main driver of the increase in CSOs was a 5.4 per cent increase in fees rebated for clients with limited assets. As the Public Trustee is self-funded, these obligations were met from our own sourced revenue. Interest revenue was lower than the previous year due to a lower interest rate environment.

Our expenditure in the last two financial years comprises the following:

Expenditure	2016–17	2017–18
Employee Expenses	58%	60%
Supplies and Services	22%	20%
Interest Expense	14%	13%
Depreciation and Amortisation	2%	3%
Contributions	2%	2%
Other Expenses	2%	2%
<b>Total Expenditure</b>	<b>100%</b>	<b>100%</b>

Total expenses increased 1.9 per cent from the previous year. Non-employee expenses decreased by 3 per cent due to lower supplies and services in comparison to the previous year. The decrease in supplies and services expenditure is predominantly due to lower agency costs as a result of fewer vacant positions, slightly offset by higher computer expenses.

Employee expenses increased as a result of a higher number of full-time equivalent (FTE) staff coupled with a 2.5 per cent increase in staff salaries in the 2017–18 year.

## Other Comprehensive Income

The Public Trustee holds interests in financial assets and various land and buildings located throughout the state from which our offices operate. These assets are recorded at fair value and are revalued periodically in accordance with Australian Accounting Standards. The gains and losses that result from these revaluations are recorded as other comprehensive income in the statement of comprehensive income.

In June 2018, building values were updated using indices provided by State Valuation Services that were derived from observable inputs such as market data and publicly available information on market transactions resulting in a \$0.6 M increase in the asset revaluation surplus.

The market value of the Public Trustee's financial assets recorded unrealised losses of \$1.2 M due to an increase in bond yields in 2017–18. These factors resulted in a total other comprehensive loss of \$0.6 M for 2017–18, which combined with the operating surplus, resulted in total comprehensive income of \$2.8 M for 2017–18.

## Statement of Financial Position

### Total Assets

Total assets comprise:

- cash
- financial instruments (mainly short to medium term investments)
- property, plant and equipment.

As at 30 June 2018, the Public Trustee held \$955 M in assets, an increase of \$5.1 M from 30 June 2017, mainly due to a larger investment portfolio compared to the prior year.

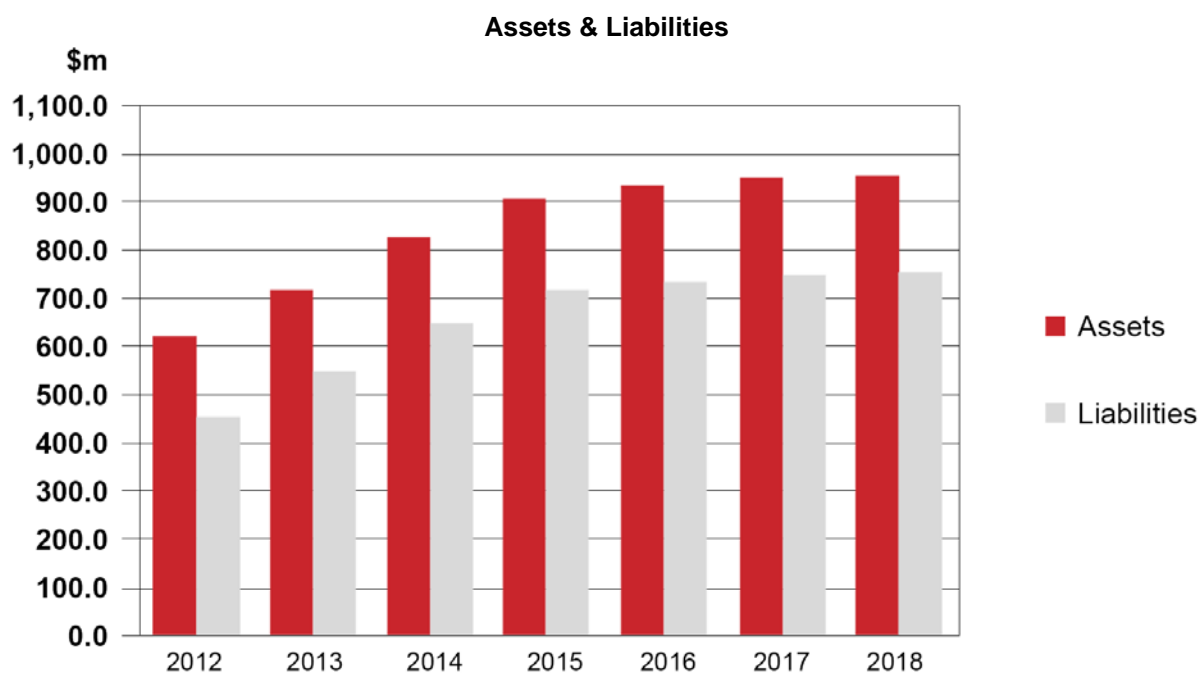
## Total Liabilities

The Public Trustee's liabilities include amounts held for clients, amounts owing to staff for leave entitlements and amounts owed to suppliers. Total liabilities were \$753 M as at 30 June 2018, an increase of \$2.3 M on the previous year. The increase in liabilities is primarily due to an increase in amounts held on behalf of clients.

## Statement of Changes in Common Fund Reserves

Total Common Fund reserves were \$202 M as at 30 June 2018, which is slightly higher than the prior year. Common Fund reserves are operating surpluses achieved during the previous financial years.

A summary of our assets and liabilities over the last seven financial years is as follows:



## Prospective Outlook

A budgetary deficit is forecast for the 2018–19 financial year due to the funding of the business transformation project. A balanced budget position is forecast (excluding the business transformation project).

## Chief Finance Officer Statement

Our Chief Finance Officer (CFO) has fulfilled the responsibility as required by the *Financial Administration Act 2009*. The CFO has provided The Public Trustee of Queensland with a statement about financial controls, in accordance with section 57 of the *Financial and Performance Management Standard 2009*. This statement was noted by the Audit and Risk Management Committee (ARMC).

## Public Trustee of Queensland Investment Fund – Growth Trust

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The Public Trustee of Queensland Growth Trust (Growth Trust) was established to provide our clients with the opportunity to have their funds managed by the Public Trustee with the expert assistance of a professional investment manager.

The Public Trustee is the manager and trustee of the Growth Trust and is responsible for determining the investment objectives and strategy, arranging for the proper investment of all monies and ensuring the appointed investment manager achieves acceptable rates of return. The Public Trustee has appointed QIC Limited ACN 130 539 123 (QIC) as the investment manager of the Growth Trust.

The investment aim and objective of the Growth Trust is to provide a fully diversified investment strategy for those seeking long-term income and capital growth. The investment objective of the Growth Trust is to generate average returns (net of fees and costs) of CPI + 2.4% p.a. over rolling five year periods.

The Growth Trust currently gains exposure to various assets classes and investment sectors by investing in the QIC Growth Fund, while liquidity for the Growth Trust is managed by an investment of approximately one per cent in the QIC Cash Enhanced Fund.

The asset allocation strategy of the Growth Trust is managed within the QIC Growth Fund, a diversified portfolio of assets including Australian and international shares, fixed interest, property, infrastructure, private equity, alternative assets and cash.

The investment objective of the Growth Trust and performance for the five year period ending 30 June 2018 is as follows:

Fund	CPI Objective (after fees)	Objective Target Return (%)	Annualised Return (%)
Growth Trust	CPI + 2.4% over rolling 5 years	3.94%	6.98%

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Further information on the Growth Trust is available in its Product Information Statement and additional information is available on our website at <http://www.pt.qld.gov.au/about/publications/investments/>.