

Annual **18**
Report 19



Communication objective

This annual report provides information about The Public Trustee's financial and corporate performance for 2018–19. It has been prepared in accordance with the *Financial Accountability Act 2009*.



The Public Trustee is committed to providing accessible services to Queenslanders from all culturally and linguistically diverse backgrounds. If you have difficulty in understanding this annual report, you can contact us on 1300 360 044 and we will arrange an interpreter to effectively communicate the report to you.

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An electronic copy of The Public Trustee's Annual Report 2018–19 is available online at www.pt.qld.gov.au. You can also contact us to request a copy by calling 1300 360 044 or emailing governance@pt.qld.gov.au

A number of annual reporting requirements are also addressed through publication of information on the Queensland Open Data website at data.qld.gov.au.

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Letter of Compliance



444 Queen Street Brisbane Qld 4000
GPO Box 1449 Brisbane Qld 4001

29 August 2019

The Honourable Yvette D'Ath MP
Attorney-General and Minister for Justice
Leader of the House
GPO Box 149
BRISBANE QLD 4001

Phone: (07) 3564 2787
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Officer: Mr Samay Zhouand
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Dear Attorney-General

I am pleased to submit for presentation to the Parliament the Public Trustee's Annual Report 2018–19 and financial statements.

I certify that this Annual Report complies with:

- the prescribed requirements of the *Financial Accountability Act 2009* and the *Financial and Performance Management Standard 2009*, and
- the detailed requirements set out in the *Annual report requirements for Queensland Government Agencies*.

A checklist outlining the annual reporting requirements can be found at page 125 of the annual report.

Yours sincerely

Samay Zhouand
Acting Public Trustee of Queensland and CEO

Enc The Public Trustee Annual Report 2018–19

The Public Trustee

• Will-making
• Enduring powers of attorney

1300 360 044

• Executor services
• Estate administration

www.pt.qld.gov.au

• Disability services
• Trust administration

ABN 12 676 939 467

• Real estate auctions and sales
• Charitable trusts

Message from the CEO

As Acting Public Trustee of Queensland and Chief Executive Officer of the Public Trustee, I am pleased to present the Annual Report 2018–19.

The Public Trustee provides independent trustee, estate and administration services to some of Queensland's most vulnerable. The past year has seen the Public Trustee provide support to thousands of Queenslanders. Having recently joined the organisation, my first and ongoing impression of the Public Trustee is that its professional and forward facing staff demonstrate motivation and dedication in striving to serve the interests of their clients. This commitment to clients and the client experience they will receive is reflected in the Client Service Charter. Annual client surveys on deceased estate administration, financial management and will-making services continue to measure client satisfaction and identify opportunities for improvement. This year the surveys were extended to include trust administration clients.

The Public Trustee's commitment to its clients is also reflected in the year's achievements, which included:

- making 28,426 Wills at no cost to Queenslanders
- making 3684 enduring power of attorney (EPA) documents
- accepting 2135 new deceased estates for administration
- financial management for 9151 adults with impaired decision-making capacity
- acting as Financial Attorney under 258 EPAs
- managing 4467 trusts
- safeguarding over 1.1 million Wills in our atmospherically controlled Wills bunker
- providing almost \$37.1 million in Community Service Obligations to the Queensland community, including Wills at no cost, rebated fees for financial administration for adults with impaired decision-making capacity, and community education
- facilitating philanthropy through acting as trustee for some of Queensland's most important charitable trusts, ensuring that funds are managed in perpetuity.

As Queensland's population ages, demand for the Public Trustee's services is expected to increase. At the same time, clients' needs are evolving as Queenslanders control much larger and more complex asset structures than ever before, engage more significantly in a digital world, and live longer. Over the last 12 months, the Public Trustee has continued to review its service delivery models to ensure that the needs of a growing and changing Queensland population are met.

Through ongoing work to enhance and streamline its processes, the Public Trustee remains focussed on providing consistent, accurate and timely service to clients, improved communication and faster response times for requests.

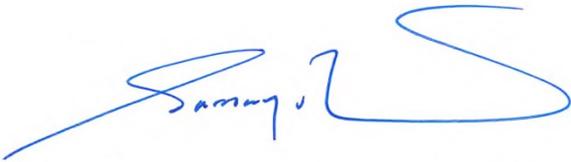
The year ahead for the Public Trustee is an exciting one, with a sustained focus on continuous improvement. The Public Trustee must continually refresh and improve the way it does business to provide an enduring service that is responsive to the needs of Queenslanders. That is why a comprehensive fees and charges review will be undertaken to ensure they are transparent, fair and reasonable, and represent value for money.

The Public Trustee's investment objectives will be evaluated to ensure the sustainability of investment returns.

The introduction of the *Human Rights Act 2019* and amendments to the *Guardianship and Administration Act 2000* will result in changes to frontline service delivery. An implementation plan will be developed to ensure the Public Trustee is best placed to meet its new obligations arising from these changes.

The Public Trustee is supported by professional, committed and driven employees who demonstrate these qualities daily in providing important services to the community. In addition, the organisation will continue its workforce culture assessment to inform the culture of the future so that the Public Trustee remains a contemporary and best practice workplace.

Integrity and accountability are the core foundations that the Public Trustee is built upon. Moving forward, the Public Trustee will strengthen these foundations to continue to deliver respected trustee, estate and administration services that make a positive difference in the lives of Queenslanders.

A handwritten signature in blue ink, appearing to read 'Samay Zhouand', with a large, stylized flourish extending to the right.

Samay Zhouand
Acting Public Trustee of Queensland and Chief Executive Officer (CEO)

Our 2018–19 highlights

| | | |
|---|---|--|
|  <p>\$2.9 B total assets under management</p> |  <p>\$37.1 M in Community Service Obligations</p> |  <p>\$110 M in property sales</p> |
|  <p>28,426 Wills made at no cost to Queenslanders</p> |  <p>9957 financial management clients¹</p> |  <p>3684 EPA documents made</p> |
|  <p>4467 trusts administered</p> |  <p>1.1M+ Wills stored in our Wills bunker</p> |  <p>2135 new deceased estates accepted for administration</p> |
|  <p>606 full time equivalent staff</p> |  <p>Over 120,000 calls answered by the Welcome Desk</p> |  <p>93% overall client satisfaction (Will preparation service)</p> |

¹ Comprised of 9,151 adults with impaired decision-making capacity, 258 clients for whom we act as financial attorney and 548 prisoner estates.

Who we are

The Public Trustee has been serving Queenslanders since 1916 and is governed by the *Public Trustee Act 1978*. The Public Trustee is self-funding and operates as a corporation sole, delivering professional and accessible financial, trustee and legal services to the people of Queensland.

We provide:

- prudent management of the financial assets of our clients
- support for vulnerable members of the community
- an orderly succession of assets between generations
- life-planning assistance to the Queensland community by making Wills free of charge and enduring power of attorney (EPA) documents at an affordable cost.

Where to find us

Our services are delivered through a network of regional offices in the following locations, including our head office at 444 Queen Street, Brisbane:



- Brendale
- Brisbane
- Birtinya
- Bundaberg
- Cairns
- Gladstone
- Ipswich
- Mackay
- Maryborough
- Mount Isa
- Redcliffe
- Rockhampton
- Southport
- Toowoomba
- Townsville

We also provide services outside of the above locations through the Queensland Government Agent Program and the local court networks. For further information on the location of our offices or outreach locations please refer to pages 50-52 of the report. Alternatively, you may also visit our website at www.pt.qld.gov.au.

Our vision



To be the independent trustee for Queenslanders providing security and peace of mind.

Our purpose

To lead the evolution and delivery of trustee, estate and administration services that make a positive difference in the lives of Queenslanders.

We provide professional and accessible:



Estate administration services



Financial management for those with impaired capacity for decision-making



Legal services



Trusts administration



Tax and investment services



Life-planning services including making Wills, EPAs and Advance Health Directives



Safe and secure storage of Wills and other life-planning documents



Real estate services



Philanthropy facilitation

We also:

- administer unclaimed moneys for the State of Queensland
- manage the estates of prisoners under Part 7 of the *Public Trustee Act 1978*
- carry out special functions of a public nature under Part 5 of the *Public Trustee Act 1978*
- promote and support community education on elder abuse.

Our legislation

The Public Trustee administers the *Public Trustee Act 1978*. We have a wide range of powers and functions, and operate under many other Acts including:

Acquisition of Land Act 1967
Adoption Act 2009
Agents Financial Administration Act 2014
Airports Assets (Restructuring and Disposal) Act 2008
Associations Incorporation Act 1981
Body Corporate and Community Management Act 1997
Building Units and Group Titles Act 1980
Charitable Funds Act 1958
Child Protection Act 1999
Child Protection (International Measures) Act 2003
Civil Partnerships Act 2011
Collections Act 1966
Corrective Services Act 2006
Criminal Proceeds Confiscation Act 2002
Debt Collectors (Field Agents and Collection Agents) Act 2014
Disposal of Uncollected Goods Act 1967
Drugs Misuse Act 1986
Financial Accountability Act 2009
Gaming Machine Act 1991
Guardianship and Administration Act 2000
Human Rights Act 2019
Industrial Relations Act 2016
Information Privacy Act 2009
Integrated Resort Development Act 1987
Land Act 1994
Land Sales Act 1984
Legal Profession Act 2007
Liquor Act 1992
Local Government Act 2009
Manufactured Homes (Residential Parks) Act 2003
Mineral Resources Act 1989
Mixed Use Development Act 1993
Motor Dealers and Chattel Auctioneers Act 2014
National Injury Insurance Scheme (Queensland) Act 2016
Personal Injuries Proceedings Act 2002
Police Powers and Responsibilities Act 2000
Powers of Attorney Act 1998
Property Law Act 1974
Property Occupations Act 2014
Public Guardian Act 2014
Public Interest Disclosure Act 2010
Public Officers Superannuation Benefits Recovery Act 1988
Public Records Act 2002
Public Sector Ethics Act 1994
Public Service Act 2008
Residential Services (Accreditation) Act 2002
Residential Tenancies and Rooming Accommodation Act 2008
Retirement Villages Act 1999
Right to Information Act 2009
Sanctuary Cove Resort Act 1985
Second-hand Dealers and Pawnbrokers Act 2003
South Bank Corporation Act 1989
Storage Liens Act 1973
Succession Act 1981
Surrogacy Act 2010
Trust Accounts Act 1973
Trustee Companies Act 1968
Trusts Act 1973
Victims of Crime Assistance Act 2009
Workers' Compensation and Rehabilitation Act 2003
Work Health and Safety Act 2011
Youth Justice Act 1992

Official Solicitor

The Official Solicitor is the Public Trustee's in-house legal advisor and is appointed pursuant to section 16 of the *Public Trustee Act 1978*.

The Official Solicitor provides advice and conducts litigation on behalf of the Public Trustee in many different roles. These services include:

- providing legal advice and conducting litigation in circumstances where the Public Trustee is appointed personal representative of deceased estates
- providing legal advice and conducting litigation when the Public Trustee is appointed administrator for an adult with impaired decision-making capacity
- conveyancing, leasing and other property related transactions on behalf of estates under administration and the Public Trustee as a corporation sole.

The Official Solicitor has identified a number of trends in the work undertaken on behalf of the Public Trustee, for example:

- The Public Trustee continues to be appointed administrator for an adult with impaired capacity in circumstances where that adult has been the subject of elder financial abuse. The Official Solicitor offers advice on the prospects of recovery of property or money misappropriated. These are often difficult cases where the adult for whom the Public Trustee is appointed administrator (as a result of the misappropriation) is of limited means to support litigation. In addition, it is often the case that the funds or property misappropriated have been dissipated by the person who has acted improperly.
- The Public Trustee continues to see an increase in the number of clients with complex financial affairs. For example, clients who have set up corporate structures for their Self-Managed Superannuation Fund, or to conduct a business.
- There continues to be a large number of referrals to the Official Solicitor in relation to family provision applications, often in circumstances where the Public Trustee has been appointed as financial administrator for an adult who is the child of a deceased person. There were 97 referrals to the Official Solicitor in the last year in relation to potential applications and 60 referrals to the Official Solicitor where the Public Trustee is administering the deceased estate. Importantly, of the 18 mediations that the Official Solicitor attended during the year involving a family provision application (whether representing the Applicant or the Respondent) 16 were resolved at mediation.
- Family provision applications are the most frequent kind of litigation the Official Solicitor is involved in for the Public Trustee. A family provision application is made to the Supreme Court or District Court by an eligible person seeking provision (or further provision) for their proper maintenance and support out of the estate of a deceased person. Part 4 of the *Succession Act 1981* ("the Act") deals with family provision applications. To be eligible the person must be a spouse, child or dependant of the deceased, as defined in the Act. The majority of these matters are resolved by negotiation and the court, exercising its discretion, making a final order. At times, the relevant parties might reach an agreement before any application is commenced in the court. There are timeframes which apply to bringing a family provision application. An estate is not able to be distributed until the relevant timeframe has passed or the matter has resolved.
- Where the Public Trustee is the administrator for an adult with a legal incapacity who has not

been adequately provided for, the Public Trustee might bring the application against the estate as litigation guardian for the adult.

- Where the Public Trustee is administering a deceased estate, the Public Trustee as personal representative for the estate of the deceased would be the Respondent if someone commences a family provision application against the estate.

Making a positive difference in the lives of Queenlanders

- The Official Solicitor acted for the Public Trustee in an unusual estate matter where a man had two identities. The man, going by a name with initials LW, died without having made a Will, it seemed. A death certificate had been issued for LW and the Public Trustee was granted an Order to Administer his estate on intestacy. As a result of the Public Trustee's investigations, the Public Trustee then came to believe that LW was in fact the same person as a man whose name had the initials RAH, and who made a Will in 1971. The Public Trustee applied to the Supreme Court and sought orders:
 - (a) declaring that LW is one and the same as RAH
 - (b) correcting the Births, Deaths and Marriages Register to register RAH's death
 - (c) revoking the Public Trustee's Order to Administer on intestacy for LW and, subject to the formal requirements of the Probate Registrar, granting him an Order to Administer RAH's estate according to his Will.
- Another kind of litigation in which the Official Solicitor acts for the Public Trustee relates to recovery of money or property for an adult with a legal incapacity who has had their funds or assets misappropriated. In one matter, the Public Trustee as administrator for the adult investigated, and took action on, the misappropriation by her former attorney son and daughter-in-law who had sold the adult's property and used the sale proceeds to buy a property in the son's own name. The Public Trustee lodged a caveat on the property (formal notice advising that the adult had an interest in the property) and commenced proceedings in the Supreme Court against the son and daughter-in-law. The court gave judgment and declared that the son held the property on constructive trust for the adult, his mother. The judge ordered that the adult be registered as the owner of the property and the son be removed as owner.

Our 2018–19 achievements



Driving value for clients

- \$37.1 million in Community Service Obligations delivered at no cost to Government including:
 - \$28.1 million in fees rebated for clients with limited assets
 - 28,426 Wills made at no cost to Queenslanders
 - public education in areas such as Wills and EPAs with an emphasis on life-planning assistance
 - funding for a range of community services through the Office of the Public Guardian and the Civil Law Legal Aid Scheme administered by Legal Aid Queensland
- financial management for 9151 adults with impaired decision-making capacity
- managing the estates of 548 prisoners
- acting as financial attorney for 258 clients
- managing 4467 trusts
- making 3684 EPAs
- accepting 2135 new deceased estates for administration and further reducing our average time to administer
- continuing to enhance frontline service delivery through:
 - introducing our Client Service Charter and Standards, demonstrating our commitment to partnership, respect, ownership, understanding and delivery
 - undertaking research on the client experience through client focus groups
 - establishing a specialist Centre of Excellence for complex estate administration matters
- expanding and promoting our real estate model to enhance the overall client experience for deceased estates and financial management administration services including the sales of 267 properties valued at approximately \$110 million.



Sustainable reinvestment to support business objectives

- investing in capital upgrades for regional offices in recognition of our commitment to regional service delivery
- investing in digital capability, to increase access to, reliability and scalability of Public Trustee services. Key initiatives have included:
 - new contact centre capabilities
 - fee estimator tools for services

- paperless communication options
- improved insight through analytics and primary customer research
- improved data centre and network services.



Strengthening confidence and value in our services

- strengthening relationships with a wide variety of stakeholders including other agencies and community groups, including:
 - hosting our annual Queensland Wills Week to promote the importance of every Queenslanders over the age of 18 having an up to date Will
 - collaborating with the Department of Communities, Disability Services and Seniors, the Office of the Public Guardian and members of the community to promote and participate in elder abuse awareness activities
 - strengthening our partnership arrangements across the private and public sector, with the aim of enhancing accessible and effective regional service delivery for all Queenslanders
- continuing to support philanthropic endeavours through the financial management of charitable and philanthropic trusts
- introducing a range of professional uniform options for frontline staff.



Targeted and effective service delivery

- supporting Public Trustee clients who are eligible for the National Disability Insurance Scheme, and ensuring all eligible clients are registered for the Scheme
- continuing to undertake client surveys to measure service effectiveness and client satisfaction for administration of deceased estates, financial management, trusts administration, and Wills and EPA services (results are available on page 18)
- fostering expertise in service delivery through operating six Centres of Excellence which allow us to achieve economies of scale (Testamentary Trusts, Minors Trusts, Group Housing, Prisoners, Residential Care and Advanced Residential Care)
- focusing, through our Centres of Excellence, on improved communication, faster and more consistent responses to client enquiries, streamlined processes and identifying best practices.



Engaging and empowering our workforce

- Engaging and empowering our workforce through:
 - a suite of training modules and resources which all employees must complete upon commencement with the Public Trustee, and refresh annually, including

Challenging Behaviour Management, Code of Conduct, Emergency Awareness, Work Health and Safety, Cybersecurity awareness, Information Privacy, Right to Information, Fraud and Corruption Control and Recordkeeping and File Management

- specialist disabilities training for more than 70 staff who have completed the Virtual Dementia Tour™, an immersive training program which simulates the experiences of people living with dementia
- frontline service delivery training (Technical Training) commencing with foundational skills for entry level officers and progressing to complex critical thinking, judgement and problem solving skills relating to Deceased Estates, Financial Management and Trusts
- awareness sessions aimed at empowering frontline teams to resolve issues at the first point of contact
- developing and delivering, in partnership with the Australian Institute of Management, the Client Experience and Delivery Supervisor Workshops for employees which focus on self-awareness and management, the skills to supervise and lead small teams, as well as how their work impacts on organisational outcomes
- a Leadership and Management Development Program for employees, delivered by the Queensland University of Technology (QUT) and aimed at developing the capability and competency of middle managers
- Working for Queensland Survey Workshops on employee engagement and empowerment. The workshops were conducted across 28 business areas and included activities based on local Highlight Reports and the development of local action plans to progress improvement activities.

Making a positive difference in the lives of Queenslanders

As part of our ongoing commitment to deliver services which are valued by the community, the Public Trustee introduced some initiatives in 2018–19 aimed at enhancing our customer-focussed culture, including:

- *Through their Eyes* is an internal staff awareness campaign designed to highlight the customer perspective, enhancing customer centricity and improving confidence and morale. Featuring video testimonials from clients, visual aids and key messaging, the purpose of the campaign activities is to bring our customer personas to life, advancing staff connectedness to the organisation's purpose to make a positive difference in the lives of Queenslanders, by improving customer engagement.
- In order to augment clinical, technical and leadership training undertaken by frontline teams, more than 70 frontline Trust Officers, our Disability Support Officers, and many of the Executive Leadership Team have completed the immersive Virtual Dementia Tour™. The purpose of this evidence-based training, developed by a geriatric specialist, is to raise awareness of the challenges those with dementia face, building deeper understanding and empathy for our clients' situations. The training enables staff to experience real life scenarios including physical and mental challenges, and enhances their ability to recognise the behavioural and psychological symptoms of dementia. This in turn better equips staff to improve communications, building meaningful and positive connections with our ageing clients living with dementia, in order to provide better person-centred service delivery.
- Building on our understanding of the customer journey and current feedback, the Public Trustee has enlisted a community of customers to engage in the process of re-designing processes as part of our business transformation. This approach aims to ensure that the Public Trustee's service delivery is tailored to meet changing customer needs and may be evidenced via more choice for customers in how they interact with us (for example, self-service through our website) or identifying which elements of our service delivery are of the most important to them as individuals.

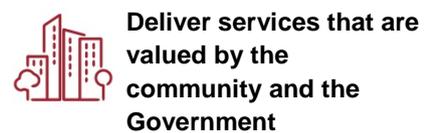
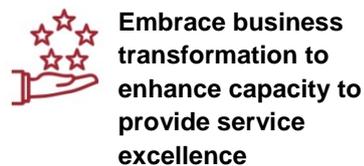
Our strategic direction

Our strategic direction is documented in our Strategic Plan, which can be accessed on our website. The Strategic Plan sets the parameters for our strategic direction to staff, clients and stakeholders. It also outlines how we will contribute to the achievement of the Queensland Government's objectives for the community, our priorities and our strategies. It includes performance indicators determining how our objectives will be measured.

The year ahead

To support our strategies, our key priority for 2019–20 continues to be our business transformation initiative to deliver organisational capability, process and technology changes aligned with our strategic objectives and to support future business needs.

The business transformation will enable us to deliver the following strategic objectives:



Our business transformation program will drive a culture of continuous improvement and business service evolution to meet current and future client needs including making it easier, faster and more efficient for people to access our information and services. The program includes replacing the Public Trustee's core client information systems, digitisation projects which will deliver organisation efficiencies and sustainable business practice improvement, and establishing platforms to deliver a truly omnichannel service (using a variety of platforms) to allow our customers to interact with us in the way they prefer.

The program's business service design has established our future service delivery requirements resulting in a transformation roadmap, future service blueprints and several future technology viewpoints. The Program Board ensures good governance practices, including consistent assurance processes to support the successful delivery of Information and Communications Technology initiatives, in accordance with the Queensland Government Chief Information Office's *Program and Project Assurance Framework*.

The program is expected to result in improved records management and systems integration, allowing standardisation and automation of processes and enhanced workflow capabilities, enabling a focus on client service. In addition, there will be an increase in the number of channels available for client engagement - facilitating opportunities for client self-service.

The combination of efficiency gains, improved analytics and opportunities for self-service will drive improved client and staff interactions, and is anticipated to significantly enhance our clients' experience.

Additional key priorities for 2019–20 include:

- delivering quality frontline services that respond to changing client and community needs including providing ongoing financial management for Queenslanders with impaired financial decision-making capacity
- driving value for clients by focussing on reducing the average time taken to administer deceased estates
- continuing to provide a range of Community Service Obligations
- further implementing digital transformation to enhance core business platforms and build strong digital capabilities
- developing a Strategic Asset Management Plan to drive further investment in regional office facility upgrades to better serve clients

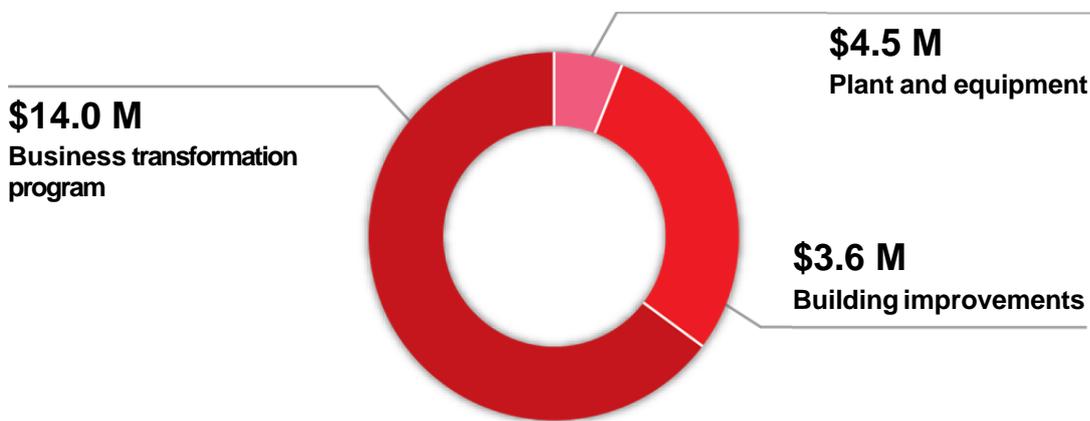
- reviewing the investment objectives of the Common Fund
- reviewing our fees and charges
- continuing to provide services to the philanthropic sector.

In 2019–20, we will respond to key factors impacting on the Public Trustee to ensure our business operations continue to be sustainable and responsive to client needs by:

- enhancing knowledge and capability to enable us to meet the needs of clients with more complex asset structures or who are entering residential aged care
- delivering training and support to ensure Trust Officers are equipped to respond to amendments to the *Guardianship and Administration Act 2000*, including supported decision-making
- considering the service delivery impact of the *Human Rights Act 2019* and implementing the necessary changes required by the legislation
- committing resources to support clients who may have a claim under the National Redress Scheme
- achieving service delivery efficiencies to enable us to meet the increasing demand for services eligible for Community Service Obligation rebates.

We are committed to providing efficient, quality services to our clients. We continue to redevelop regional offices to improve frontline service delivery, efficiency and accessibility for all clients, and to maintain appropriate work health and safety standards for clients and staff.

During 2019–20 capital expenditure is estimated to be \$22.1 million comprised of:



Our strategic challenges and opportunities

In developing our Strategic Plan, we considered the major challenges facing Queensland now and into the future, and how they will impact the Public Trustee. We have identified a number of key risks and opportunities in achieving our vision and purpose, as illustrated below.



Strategic Plan 2016–2020*

Our Vision

The independent trustee for Queenslanders providing security and peace of mind

Our Purpose

Lead the evolution and delivery of trustee, estate and administration services that make a positive difference in the lives of Queenslanders

We contribute to the Queensland Government's objectives for the community, outlined in *Our Future State: Advancing Queensland's Priorities to Be a responsive Government*, through our work in guardianship supporting vulnerable Queenslanders, facilitating the orderly transfer of assets, and by providing life planning assistance through our will-making and enduring powers of attorney services delivered through our network of regional offices.

| Objectives and Strategies | Performance Indicators |
|---|--|
|  <p>Drive value for clients through tailored services to meet changing needs</p> <ul style="list-style-type: none"> Partner with clients to identify changing needs and demand for services from 2023 onwards Tailor service delivery methods to meet changing client needs and regional diversity Improve communication and information sharing channels for all clients Strengthen and improve core services | <p>Client focus</p> <ul style="list-style-type: none"> Client service targets are met Client satisfaction levels are improved Increased take up of services, including new delivery channels Improved accessibility of services |
|  <p>Deliver a budget position which enables sustainable reinvestment to support business objectives</p> <ul style="list-style-type: none"> Generate sufficient revenue to guarantee ongoing viability, ensuring we cover the cost of our community service obligations Continue to review our cost base to ensure efficient service delivery Optimise return on our assets to meet business objectives | <p>Financial</p> <ul style="list-style-type: none"> Services and initiatives are delivered within approved budgets Return on assets is improved |
|  <p>Deliver services that are valued by the community and the Government</p> <ul style="list-style-type: none"> Promote knowledge and benefit of the Public Trustee's services Collaborate and partner with community organisations and government to understand their needs Strengthen positive engagements with our clients and their support networks Enhance accessible and effective regional service delivery for all Queenslanders Ensure our leadership and governance frameworks enable us to effectively respond to challenges | <p>Stakeholder focus</p> <ul style="list-style-type: none"> Engagement and partnership activities with client and stakeholder networks are increased Stakeholder engagement and satisfaction metrics frequently analysed and improvements implemented |
|  <p>Embrace business transformation to enhance capacity to provide service excellence</p> <ul style="list-style-type: none"> Regularly review and assess service models for our core functions Develop new information and communication technology (ICT) infrastructure to improve efficiency and enhance client experience | <p>Process</p> <ul style="list-style-type: none"> Service effectiveness and efficiency metrics are met Service delivery innovation |
|  <p>Ensure our workforce is engaged, empowered and agile</p> <ul style="list-style-type: none"> Build upon our professional and capable workforce to increase and update skills, knowledge, attitude and expertise to meet client and stakeholder expectations now and into the future Improve workforce agility through knowledge management, diversity and inclusion strategies, that are flexible by design Align workforce engagement strategies to our business transformation activities | <p>People</p> <ul style="list-style-type: none"> Improvement in workforce capability Improvement in workforce satisfaction Improvement in inclusion and diversity profiles |

| Key Opportunities | Key Risks | Our Values <small>We align to the Queensland Public Service values</small> |
|---|---|--|
| <ul style="list-style-type: none"> Deliver quality frontline services that respond to changing client and community needs Implement new technology and business processes that help to manage technology and social media risks Strengthen our leadership to empower our staff for the future Drive innovative solutions that will better manage demand for services and maximise benefits to Queenslanders Use technology and customer insights to transform the way we do business in an increasingly digital future | <ul style="list-style-type: none"> Increasing demand for services for vulnerable Queenslanders may increase our community service obligations, impacting our ability to fund services at no cost to Government Reputational damage impacts the confidence that the community and the Government has in our services Changing economic factors, government priorities and customer expectations adversely affect the sustainability of our business model |      |

Non-financial performance

The Public Trustee contributes to the Queensland Government objective of being a responsive government through our work in guardianship supporting vulnerable Queenslanders, by facilitating the orderly transfer of assets, and by providing life-planning assistance through Wills and EPA services.

Queensland Government objectives for the community

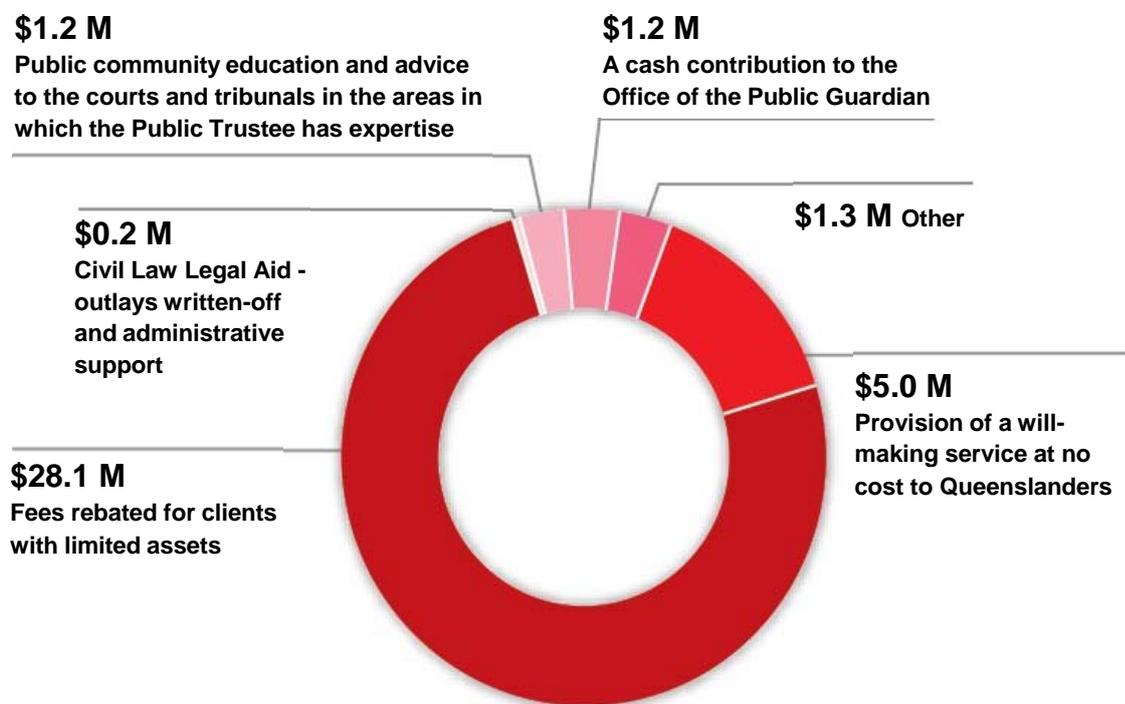
The Public Trustee's strategic objectives are aligned with the Queensland Government's objectives for the community. In 2018–19, we invested significantly in being a responsive government by:

- partnering with a design research agency to undertake individual face-to-face customer interviews in Brisbane, Toowoomba and Cairns seeking our customers' views on how we can improve our services and focus on the issues that will be most meaningful for them
- collaborating across business teams on a project to improve the value of the information we publish on our website about Wills, executor services and Enduring Power of Attorney documents. We started by testing the accessibility of our webpages and analysing digital insights and user needs. Through this process, we were able to identify gaps, which led to the development of new digital content. The information available is aligned to the Government's *Web Content Accessibility Guidelines* to increase access for people with disabilities. It is also now aligned with common customer queries, and offers greater value to the community in general. This is a great example of our teams working together to make it easier for Queenslanders to access and use our services
- recruiting a Community Education Officer to enhance our relationships with our stakeholders and deliver a high quality program of education and information activities designed to improve the Queensland community's access to our information, and its understanding of our products and services
- introducing an online survey tool for Wills customers, linked to Google reviews, to make it quicker and easier for customers to provide feedback on our will-making service
- listening to our customers' requests for correspondence to be sent to them by email, and initiating work to develop a secure online portal
- increasing the searchability of real estate on our website, making it easier for Queenslanders to do business with us
- playing a strong role in preventing instances of elder abuse by contributing to the Queensland Government's elder abuse awareness campaign which supports elder abuse prevention programs, and encouraging Queenslanders to plan for their later years and protect their interests by making an EPA.

Looking to the future, the Public Trustee will continue its focus on utilising advanced technology and digitisation of services to make it faster and more efficient for Queenslanders to access our information and services. In 2019–20, we will continue to demonstrate our commitment to *Advancing Queensland's Priorities* and, particularly, the Queensland Government's objective to be a responsive Government.

Community Service Obligations

A range of Community Service Obligations were provided in 2018–19 including:



The total cost of Community Service Obligations delivered for the 2018–19 financial year was \$37.1 million representing an increase of 4.2 per cent from the previous financial year (which was \$35.6 million). An amount of \$39.4 million is budgeted for 2019–20.

| Category of Community Service Obligations | 2018–19 Actual | 2019–20 Budget |
|--|---------------------|---------------------|
| Fees rebated for clients with limited assets | \$28,147,900 | \$29,731,521 |
| Fees rebated for principal residence and other | \$783,355 | \$775,970 |
| Management of estates of prisoners | \$564,719 | \$681,188 |
| Public community education and advice to the courts and tribunals in the areas in which the Public Trustee has expertise | \$1,246,632 | \$1,533,230 |
| Providing a free will-making service to Queenslanders | \$4,974,550 | \$5,091,625 |
| Cash contribution to the Office of the Public Guardian | \$1,172,000 | \$1,180,880 |
| Civil Law Legal Aid - outlays written-off and administrative support | \$233,706 | \$381,291 |
| Total | \$37,122,862 | \$39,375,705 |

Community Service Obligations are reported in our Financial Statements in two areas:

- deduction from fee revenue (\$35.7 million 2018–19) where there is a rebate of fees or services provided at no charge
- expenditure (\$1.4 million 2018–19) as grants and contributions towards other sector operations.

They are also reported in Budget Paper 2, Concessions Statement.

Summary of our performance

Client Experience and Delivery is the frontline interface with our clients and the community, providing:

- deceased estate administration - the Public Trustee administers deceased estates pursuant to Wills or on intestacy, delivering quality services to beneficiaries
- financial management - the Public Trustee acts as administrator for financial matters for clients with impaired capacity for decision-making pursuant to the *Guardianship and Administration Act 2000* or as a financial attorney pursuant to the *Powers of Attorney Act 1998*
- a will-making service - the Public Trustee prepares Wills free of charge for all Queenslanders.

We measure our performance across the Client Experience and Delivery service area using three effectiveness measures and one efficiency measure.

The table below summarises our performance (quantifiable measures and qualitative achievements) against performance indicators in the Public Trustee's *Service Delivery Statement 2018–19* and those in our *Strategic Plan 2016–2020*. Our objective is to deliver a full range of professional, accessible and reliable personal trustee, financial and related services that meet client needs.

| Client Experience and Delivery | 2018-19 Target/Est | 2018-19 Actual | 2019-20 Target/Est |
|---|-----------------------|-------------------|-----------------------|
| Service standards | | | |
| <i>Effectiveness measures</i> | | | |
| Overall client satisfaction with the deceased estate administration service as measured by client satisfaction index ¹ | New measure | New measure | 70% |
| Overall client satisfaction with the financial management service as measured by client satisfaction index ¹ | New measure | New measure | 70% |
| Overall client satisfaction with Will preparation services ² | 90% | 93% | 90% |
| <i>Efficiency measure</i> | | | |
| Cost per Will ³ | \$180 | \$180 | \$175 |

Notes:

1. The satisfaction index is calculated by an independent market research provider on an annual basis. The index is calculated by summing 50% of the overall satisfaction score and 50% of a score derived from service and process factors, which have been weighted according to importance and combined to provide a single score.
2. All clients preparing a Will with the Public Trustee receive a Wills Questionnaire. The Wills Questionnaire contains eight questions relating to the quality and delivery of the will-making service provided. The overall satisfaction level is calculated as a percentage of positive responses to total number of responses received.
3. This service standard is calculated using the total cost of making free Wills divided by the number of Wills drafted and completed in the financial year. The total cost is comprised of direct and indirect costs specifically attributable to the will-making service including employee expenses, supplies and services, and apportioned overheads. The 2019-20 Target/Estimate has been adjusted due to continued refinement of the Public Trustee's cost allocation model.

Since 2013, the Public Trustee has conducted a client satisfaction survey specifically with beneficiaries of deceased estates at completion of administration, and with clients (and their carers) for whom the Public Trustee acts as a financial manager. In 2018–19, we extended the survey to include trust administration clients. The overall objective of the research is to gain understanding and insights into client experiences and the administration process.

The results of this research are highly valued and are used to develop and implement a range of operational improvements including communication and supervision strategies, and enhanced financial management, deceased estate and trust administration processes. The main aim of these changes is to improve the client experience and our service delivery.

Looking to the future, we will use the insights and information obtained through this research when embracing business transformation to enhance capacity to provide service excellence.

Philanthropy

The Public Trustee is trustee for the following leading philanthropic charitable trusts in Queensland.



Queensland Community Foundation

The Queensland Community Foundation (QCF) was established in 1997 to provide a permanent source of philanthropic funding for charitable organisations to enable them to respond to the needs of the Queensland community.

The QCF continued to grow in 2018–19 and now has net assets of \$94.7 million under management. During the year, QCF paid distributions to a broad range of charities close to \$2.9 million.

For further information, visit www.qcf.org.au.

QCF Sub Fund: Gulf Area Community Social Development

Established under the umbrella of the QCF in 2000, this sub fund has net assets close to \$6.7 million.

The sub fund supports the Gulf Area Community by providing grants to projects and initiatives that encourage cultural, educational, health and social development.



Queensland Aboriginal and Torres Strait Islander Foundation

The Queensland Aboriginal and Torres Strait Islander Foundation was established in 2008 and provides a secure, independent and perpetual funding source to advance the education of Aboriginal and Torres Strait Islander children and young people in Queensland through provision and promotion of scholarships.

The trust has net assets of \$42.9 million.

Senior education scholarships of more than \$2.6 million for young Queensland Aboriginal and Torres Strait Islander students were approved in 2018–19. In total, 10,184 students have been approved for scholarships since the foundation was established in 2008.

For further information, visit www.qatsif.org.au.



Lady Bowen Trust

Established in 2006, the Lady Bowen Trust aims to re-engage people experiencing chronic homelessness so they achieve genuine, positive and lasting outcomes. The trust supports Mission Australia which maintains Roma House, a facility to enhance clients' life skills, confidence and resilience while assisting them to find secure accommodation.

The trust has net assets of \$5.3 million with distributions paid totalling \$90,000 in 2018–19.

For further information, visit www.ladybowentrust.org.au.



The Forde Foundation

The Forde Foundation was established in August 2000 in response to the findings of the *Commission of Inquiry into Abuse of Children in Queensland Institutions*, better known as the Forde Inquiry. The foundation is designed to support former residents of Queensland institutions. Financial support is provided to individuals for specific purposes such as dental care, education, training and personal development opportunities.

The foundation has net assets of approximately \$4.1 million with distributions paid totalling \$147,000 in 2018–19.

For further information, visit www.fordefoundation.org.au.



Gladstone Foundation

Established in early 2011, the Gladstone Foundation allows for industry funds to be channelled into this perpetual trust to provide social infrastructure and service needs in the Gladstone Region.

Specific purposes of the trust are relieving poverty, assisting the aged, relieving sickness or distress, advancing religion and education, providing child care services on a non-profit basis and other purposes which benefit the Gladstone Region.

Initial capital received by the trust was \$13.5 million. The foundation has net assets close to \$6.7 million as at 30 June 2019, with distributions paid totalling \$0.86 million in 2018–19.

For further information visit www.gladstonefoundation.org.au.

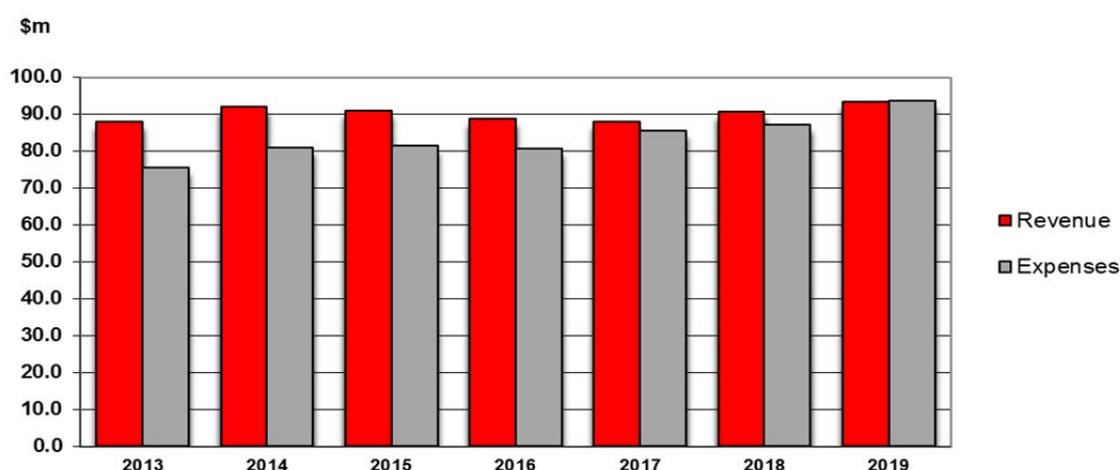
Financial performance

The Public Trustee's Financial Statements are included from page 56.

The Public Trustee recorded an operating loss of \$0.8 million against a budgeted loss of \$3.6 million. The financial performance benefited from higher than anticipated fee revenue, savings in employee expenses, lower computer expenses and an underspend relating to the business transformation program of works. There were 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:

Revenue and Expenses



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

| Revenue sources | 2017–18 | 2018–19 |
|----------------------|-------------|-------------|
| Fees and Charges | 65% | 66% |
| Interest Revenue | 31% | 30% |
| Other Revenue | 4% | 4% |
| Total Revenue | 100% | 100% |

Gross revenue from fees increased by 4.9 per cent from the previous year. The majority of Community Service Obligations are deducted from gross fees to arrive at net fees reported in the financial statements, with the remaining amount recorded in contributions expense. This year, we provided a total of \$37.1 million in Community Service Obligations at no cost to the Queensland Government, which was a 4.2 per cent increase from the previous year. The main driver of the increase 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 | 2017–18 | 2018–19 |
|-------------------------------|-------------|-------------|
| Employee Expenses | 60% | 59% |
| Supplies and Services | 20% | 22% |
| Interest Expense | 13% | 13% |
| Depreciation and Amortisation | 3% | 3% |
| Contributions | 2% | 1% |
| Other Expenses | 2% | 2% |
| Total Expenditure | 100% | 100% |

Total expenses increased 8.4 per cent from the previous year. Employee expenses increased as a result of a higher number of full-time equivalent staff coupled with a 2.5 per cent increase in staff salaries in the 2018–19 financial year. Non-employee expenses increased by 10.2 per cent due to higher supplies and services in comparison to the previous year. The increase in supplies and services expenditure is predominantly due to higher agency costs and consultancy fees.

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.

All land and buildings were revalued during the 2018–19 financial year by independent valuers. Land and building values have increased by \$12.5 million, with a corresponding increase in the asset revaluation surplus.

The market value of the Public Trustee's financial assets recorded unrealised gains of \$10.7 million due to an improved market value of the existing bond portfolio as interest rates decline. These factors resulted in a total other comprehensive increase of \$23.2 million for 2018–19 which, combined with the operating loss, resulted in total comprehensive income of \$22.4 million for 2018–19.

Statement of Financial Position

Total Assets

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

As at 30 June 2019, the Public Trustee held \$982.4 million in assets, an increase of \$27.1 million from 30 June 2018, mainly due to a larger investment portfolio compared to the prior year and an increase in the value of property, plant and equipment following the revaluation of land and buildings during the year.

Total Liabilities

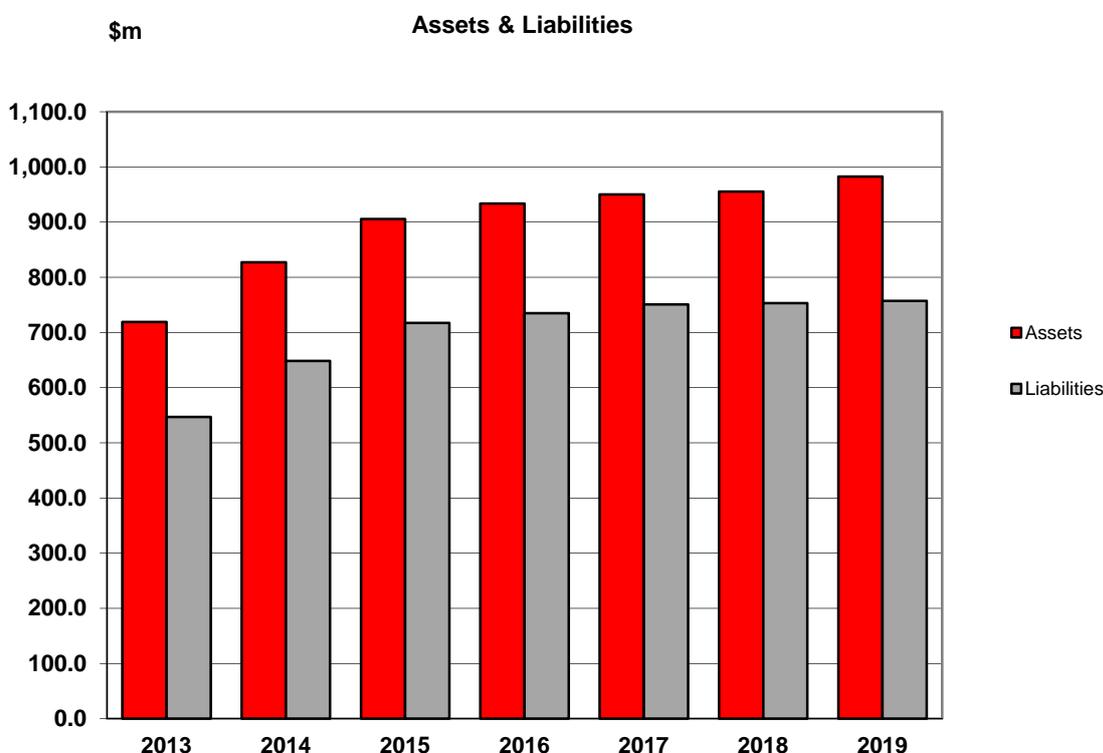
The Public Trustee's liabilities include amounts held for clients, amounts owing to staff for leave entitlements and amounts owed to suppliers. Total liabilities were \$757.8 million as at 30 June 2019, an increase of \$4.7 million from the previous year. The increase in liabilities is primarily due to an increase in amounts held on behalf of clients.

Statement of Changes in Common Fund Reserves

Total Common Fund reserves were \$224.6 million as at 30 June 2019, increasing from \$202.2 million in the prior year. Common Fund reserves include operating surpluses and asset revaluation surpluses achieved during the previous financial years.

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

Assets and Liabilities



Prospective Outlook

A budgetary deficit is forecast for the 2019–20 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 Acting 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.

Public Trustee of Queensland Investment Fund – Growth Trust

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 or holding funds in cash at bank.

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 2019 is as follows:

| Fund | CPI Objective (after fees) | Objective Target Return (%) | Annualised Return (%) |
|--------------|---------------------------------|--------------------------------|--------------------------|
| Growth Trust | CPI + 2.4% over rolling 5 years | 3.72% | 5.87% |

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/>.

Management and structure

Executive leadership

Experience and performance

The Executive Leadership Team provides the necessary guidance for the Public Trustee to achieve its strategic direction and goals, led by The Public Trustee of Queensland and drawing on the expertise of others when required.

Peter Carne

The Public Trustee of Queensland

Peter Carne brings over 30 years legal expertise to his statutory appointment as The Public Trustee of Queensland, a role he held from 2009 to 2014 and holds currently after being re-appointed in 2016. In addition to managing his own legal practice, Peter has held a number of public roles including CEO of the Queensland Law Society, Commissioner of the Queensland Legal Aid Commission and Director of the College of Law (Queensland). He has also held a number of honorary positions including President of the Queensland Law Society, Chair of the Queensland Law Society Specialist Accreditation Board and Director of the Queensland Law Foundation.

In 2003, Peter was awarded the Centenary Medal for his contribution to the legal profession. He has a Bachelor of Arts and a Bachelor of Laws from the University of Queensland and is a Fellow of the Australian Institute of Company Directors. In 2017, he was presented with life membership of the Queensland Law Society.

From 1999 until 2007 he was a board member of Tarong Energy Corporation and was a board member of Australia Post from 2009 to 2015, chairing the Audit and Risk Committee.

Peter graduated with an Executive Graduate Certificate in Business (Leadership through Coaching and Mentoring) with the QUT Business School in 2017.

Samay Zhouand*

Acting Public Trustee of Queensland and CEO

Samay Zhouand has more than 17 years' experience in legal, accountability, governance and risk management advice and decision-making across government. Samay started his career as a lawyer with the former Department of Employment, Training and Industrial Relations. In his substantive role, Samay is the Chief Inspector of Queensland Corrective Services where he leads the objective and evidence informed scrutiny of the correctional system in Queensland.

Samay has a background in accountability, which is grounded in good administrative decision-making practices, integrity, objectivity and risk management. He has led multiple key functions ranging from legal services, information rights and ethical standards to internal audit and inspectorate functions, as well as acting in other key senior executive roles.

Samay has introduced key innovative governance, performance management, and operational effectiveness initiatives that advanced administrative outcomes. These include the establishment of an independent Probation and Parole inspection framework and key research insights and projects such as resilience programs, behavioural economics experiments and Australia's first full MQPL+ Survey (measuring the quality of prison life) in collaboration with Cambridge University.

A barrister, Samay holds a Bachelor of Laws with Honours and a Bachelor of Arts, as well as qualifications in business and government.

Samay is committed to ensuring that the Public Trustee continues to provide a trusted, sustainable and client focused service for Queenslanders.

**Samay Zhou and commenced as Acting Public Trustee of Queensland and CEO on 13 June 2019.*

Mark Crofton*

Deputy Public Trustee and Official Solicitor

Mark Crofton is the Deputy Public Trustee and Official Solicitor. In the latter role Mark heads the Office of the Official Solicitor, providing in-house legal advice to The Public Trustee of Queensland in many and varied capacities.

Mark has a Bachelor of Arts and a Bachelor of Laws (Hons) from the University of Queensland and a Masters of Laws from QUT. He was a 2011 Churchill Fellow. Mark has extensive experience practising law in both the private and public sectors and has spent a large part of his career undertaking legal work in relation to succession, trusts and clients with a disability.

**Mark Crofton left the Public Trustee on 19 July 2019 after taking a period of leave. Kathryn Williams was acting in the role of Official Solicitor at 30 June 2019.*

Kathryn Williams

Acting Official Solicitor

Kathryn Williams has a Bachelor of Laws (Hons) from QUT, was admitted as a Solicitor of the Supreme Court of Queensland in 1987 and has a current Practising Certificate from the Queensland Law Society.

Commencing her career in the private sector, Kathryn then joined the Office of the Official Solicitor in 1991. Appointed as the Deputy Official Solicitor in 2012, Kathryn has previously acted as the Official Solicitor for two years (2014–2016). She has successfully completed the Practice Management Course through the Queensland Law Society.

Kathryn has extensive experience acting for the Public Trustee in both representative and corporate matters.

Amanda MacDougall

Executive Director, Client Experience and Delivery

Amanda MacDougall commenced with the Public Trustee in May 2017 as Executive Director, Client Experience and Delivery. In this role, Amanda is responsible for the customer experience across all product and service lines including regional service delivery, channel strategy and business growth via new business and product development. Her career spans 20 years, 15 of which have been in senior management roles leading large multi-disciplinary teams including operations, customer service, customer loyalty programs, sales, marketing, business development and general management across a diverse range of industries such as mining, banking, public sector and, most recently, financial services.

Amanda is committed to delivering robust commercial outcomes through an unrelenting focus on the customer, galvanising teams to execute the Strategic Plan. Her key focus is to lead the strategic change program to invigorate the customer experience across all product and service lines for the Public Trustee. Amanda has completed various business studies and is a graduate member of the Australian Institute of Company Directors.

Justine Callaghan

Executive Director, Investment and Finance Services and CFO

Justine Callaghan acted as the Executive Director, Investment and Finance Services and CFO from June 2017, and was appointed permanently to the role in February 2018. Justine is responsible for

the financial management and investment frameworks of the Public Trustee. Her former role within the Public Trustee was the Director Finance from October 2015. Justine has extensive experience in senior finance leadership roles predominantly in the mining industry, in particular with Glencore (formally Xstrata and Mount Isa Mines Limited).

Justine has a Bachelor of Commerce (majoring in Accounting) from the University of Southern Queensland and is a Certified Practising Accountant and a Certified Management Accountant. Justine is a graduate member of the Australian Institute of Company Directors.

David Cook

Executive Director, Digital and Technology

David Cook commenced as the Executive Director, Digital and Technology in April 2017 and is accountable for Digital Business and Technology Strategy, Enterprise Change, Information Systems and Records Management for the Public Trustee. His career has included roles leading operations, strategy, customer service, account management, security/business resilience, continuous improvement, consultancy, merger and acquisition and commercial management across defence, retail, high technology, resources and financial services. David's focus is on establishing the Public Trustee's digital customer service channels, in addition to being the senior responsible officer leading its digital transformation program.

David has a Bachelor of Business (Dist), an MBA (Dist) and has undertaken training in Experience and Digital Design, Behavioural Finance, Negotiation, Project Management, Prosci Change Management, Six Sigma, Lean, Risk Management, Security and Technology Governance. David is a graduate member of the Australian Institute of Company Directors and is an experienced not-for-profit Director and Chair.

Erica Gallagher

Senior Director, Human Resource Services

Erica Gallagher commenced in January 2016 as the Director Human Resources. Erica's role was later changed to Senior Director, Human Resources and MarComms when the executive management structure was reviewed in 2016. Erica's career spans over 30 years, 15 of which have been in senior leadership roles. Erica has worked in government and the not-for-profit disability sector in Western Australia. Erica is committed to contemporary human resource practice and the enhancement of the human resource profession by focusing on employee engagement, organisational culture, diversity of perspective, capability enhancement, performance development and managing the complexity of the workforce in a global environment of digitalisation and intergenerational challenges.

Erica was the Australian Human Resources Institute (AHRI) Western Australia State President and was a Councillor on the AHRI Queensland Council.

Josephine Giles

Senior Director, Governance and Risk

Josephine commenced as Senior Director, Governance and Risk in May 2017. In this position, Josephine is responsible for leading all governance and related functions for the Public Trustee, including government relations, statutory reporting, risk management, complaints management, fraud and corruption control, business continuity planning, information privacy, Right to Information and administrative access and release. Josephine has extensive experience across Queensland Government agencies including Queensland Health, Queensland Treasury and the Department of the Premier and Cabinet.

Josephine has a Bachelor of Commerce (majoring in Accounting and Finance) and a Graduate Certificate in Policy Analysis from Griffith University. She is a graduate member of the Australian Institute of Company Directors.

Elissa Pearce*

Senior Director, Office of the CEO

Elissa works closely with The Public Trustee of Queensland and the Executive Leadership Team on strategy and business planning, and provides secretariat support to the Audit and Risk Management Committee.

Prior to joining the Public Trustee, Elissa worked in the financial services industry in the United Kingdom and Australia. Elissa has a Bachelor of Business (majoring in Banking and Finance) and a Bachelor of Laws (Hons) from QUT and a Graduate Diploma in Legal Practice from the College of Law, Sydney. She is undertaking an Executive MBA through the QUT Business School.

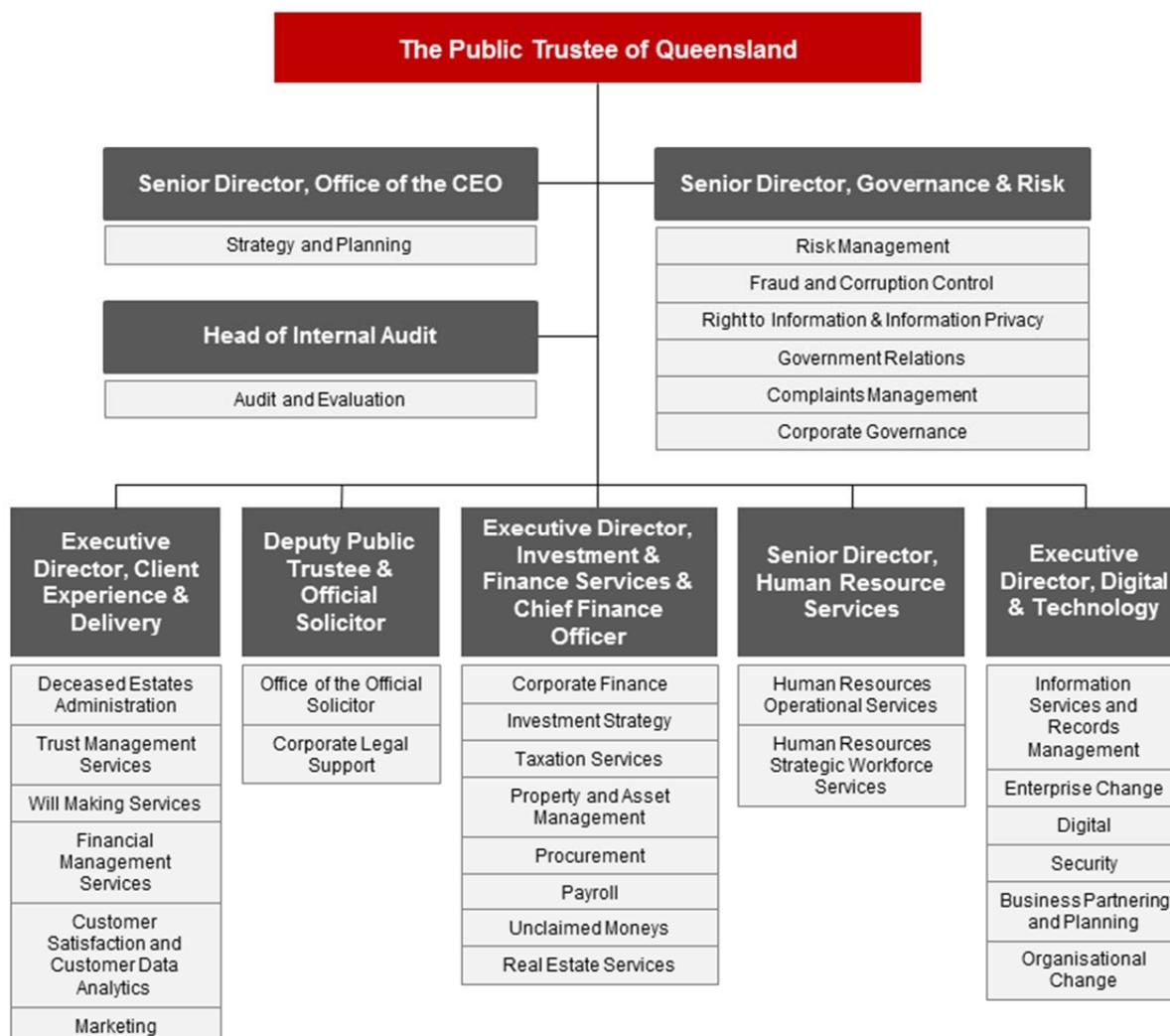
**Elissa Pearce performed the role of Senior Director, Office of the CEO until 7 September 2018, and is currently Acting Senior Director, Strategic Initiatives. Shelley Grace was acting in the role of Senior Director, Office of the CEO at 30 June 2019.*

Shelley Grace

Acting Senior Director, Office of the CEO

Shelley commenced as the acting Senior Director, Office of the CEO following a period of service as the Business Planning and Reporting Manager within the Finance Program. Shelley works closely with the Public Trustee of Queensland and the Executive Leadership Team on strategy and business planning, and also provides secretariat support to the Audit and Risk Management Committee.

Shelley has a Bachelor of Business (majoring in Professional Accounting) from QUT and is a Chartered Accountant.



Senior internal management committees

The Public Trustee has established a range of internal committees to support all areas of operation. The committees have varying roles and functions and are established for specific purposes either because of a legislative imperative or in response to the needs of the organisation.

Our leaders' membership across these governance committees demonstrates our commitment to delivering services for Queenslanders in a transparent and accountable way. Our committees are integral components of the Public Trustee's governance arrangements that also include performance reporting and internal and external conformance, to ensure we apply and adhere to better practice and standards in all areas of our operations.

Executive Leadership Team

The ELT is the senior leadership team for the Public Trustee. The purpose of the ELT is to:

- support The Public Trustee of Queensland in meeting the responsibilities outlined in the *Public Trustee Act 1978* and other relevant legislation
- provide leadership, direction and guidance to ensure that the Public Trustee provides quality

trustee, estate and financial administration services to the people and Government of Queensland.

The ELT undertakes the following functions:

- determining the Public Trustee's vision, purpose, and strategic objectives
- developing and monitoring implementation of strategic initiatives
- making recommendations to the Public Trustee in relation to strategic planning, policy setting, budget and resource allocation
- identifying strategies and building organisational capability to the future sustainability of the Public Trustee
- promoting a risk management culture and committing to organisational risk management principles including assessing the material business and strategic risks facing the organisation
- ensuring the:
 - efficient, effective and equitable use of current and future Information and Communication Technology resources
 - contribution of Information and Communications Technology resources towards business direction at an agency, cross-agency, government and cross-jurisdictional level.

Membership of the ELT is determined by The Public Trustee of Queensland. The members as at 30 June 2019 were:

- The Public Trustee of Queensland (Chair)
- Deputy Public Trustee and Official Solicitor
- Executive Director, Client Experience and Delivery
- Executive Director, Investment and Finance Services and CFO
- Executive Director, Digital and Technology
- Senior Director, Human Resource Services
- Senior Director, Office of the CEO
- Senior Director, Governance and Risk.

The ELT met 27 times during 2018–19.

Organisational Performance Group

The role of the Organisational Performance Group is to provide a forum to share information across the Public Trustee through:

- overseeing the implementation of the Public Trustee's operational and specific purpose plans developed to support the Strategic Plan
- monitoring ongoing organisational performance.

The core functions of the Organisational Performance Group are to:

- monitor and review organisational performance against delivery of existing priorities, operational and specific purpose plans

- monitor organisational performance against key metrics
- ensure appropriate action is being taken where necessary to address any performance issues
- share information in relation to future developments that may impact strategic direction including policy changes, technological developments, research activities and legislative and regulatory requirements.

Membership of the Organisational Performance Group is determined by The Public Trustee of Queensland. The members as at 30 June 2019 were:

- The Public Trustee of Queensland (Chair)
- Deputy Public Trustee and Official Solicitor
- Executive Director, Client Experience and Delivery
- Executive Director, Investment and Finance Services and CFO
- Executive Director, Digital and Technology
- Senior Director, Human Resource Services
- Senior Director, Office of the CEO
- Senior Director, Governance and Risk
- Director, Finance
- Director, Investment and Taxation Services
- Director, Property
- Director, Estates and Trusts
- Director, Disability Services
- Director, Regional Services
- Director, Client Experience
- Deputy Official Solicitor
- Director, Legal Services
- Chief Information Officer
- Director, Digital
- Manager, Marketing and Communication
- Head of Internal Audit.

OPG met 10 times during 2018–19.

Workplace Health and Safety Committee

The Public Trustee has a Workplace Health and Safety (WH&S) Committee to ensure compliance with the *Work Health and Safety Act 2011*.

Members of the committee are:

- Senior Director, Human Resource Services (Chair)
- Manager, Human Resource Operational Services
- Senior Coordinator, WH&S and Injury Management
- Coordinator, WH&S and Injury Management
- Property Manager
- Health and Safety Representatives from each regional location and one from each floor in the Brisbane office
- Regional Managers (where the regional office has not nominated a Health and Safety Representative).

The committee met three times during 2018–19.

Agency Consultative Committee

The key objective of the Agency Consultative Committee is to provide a mechanism for management and Union delegates to identify, raise and discuss current or emerging issues such as workload management, organisational change, training and development and other related matters.

The committee's core membership includes:

- a Union Organiser
- three Union Delegates
- Senior Director, Human Resource Services (Chair)
- Executive Director, Client Experience and Delivery
- Executive Director, Investment and Finance Services and CFO
- Manager Human Resource Operational Services / Principal Industrial Relations Officer
- Executive Officer (minute taker).

The committee met four times during 2018–19.

Strategic Asset Management Committee

The objectives of the Strategic Asset Management Committee are to:

- coordinate the development, review and update of the Public Trustee's Strategic Asset Management Plan and monitor progress of key initiatives
- act as the Program Board for organisational projects, including reviewing and endorsing project mandates, briefs and business cases for recommendation to the ELT, including funding and prioritisation.

Members of the committee are:

- Executive Director, Investment and Finance Services and CFO (Chair)
- Director, Investment and Taxation Services
- Director, Regional Services
- Director, Estates and Trusts
- Director, Client Experience
- Director, Disability Services
- Director, Property
- Director, Finance
- Chief Information Officer
- Deputy Official Solicitor.

Standing invitees are:

- The Public Trustee of Queensland
- Deputy Public Trustee and Official Solicitor
- Executive Director, Client Experience
- Senior Director, Office of the CEO
- Senior Director, Governance and Risk
- Senior Director, Human Resource Services

and Delivery

- Executive Director, Digital and Technology

- Manager, Enterprise Change Office.

Observers and other participants include Project Senior Responsible Officers and Project Managers, as required.

The committee met seven times during 2018–19.

Boards and committees with external membership

Public Trust Office Investment Board

The Public Trust Office Investment Board (the Board) is established under section 21(1) of the *Public Trustee Act 1978*. The functions of the Board are to control and manage the investments of the Common Fund, and to provide advice to the Public Trustee on the investment management of the Public Trustee of Queensland Growth Trust.

Significant achievements of the Board in 2018–19 were:

- reviewed the credit policy, taking into consideration the risk appetite of the organisation and the counterparty risks that prevail in the global financial environment
- reviewed the operating limits for interest rate and credit risks
- approved and monitored the investment strategy of the Common Fund taking into consideration the continued historically low yield environment
- endorsed revised benchmarks for interest rates payable to clients
- endorsed the interest rates payable to clients.

The Public Trustee of Queensland Growth Trust is audited by the Auditor-General.

| Remuneration | | | | | |
|-------------------------------------|-----------------------|-------------------------------------|--|--|---|
| Position | Name | Meetings/ sessions attendance | Approved annual, sessional or daily fee | Approved sub-committee fees if applicable | Actual fees received (GST exclusive) |
| The Public Trustee of Queensland | Peter Carne | 3 | N/A | N/A | N/A |
| External Member | Henry Smerdon | 3 | Meeting fee - 4 hours or less \$400 | N/A | \$1200 |
| External Member | Sandra Birkenleigh | 3 | Meeting fee - 4 hours or less \$400 | N/A | \$1200 |

Remuneration

| Position | Name | Meetings/ sessions attendance | Approved annual, sessional or daily fee | Approved sub-committee fees if applicable | Actual fees received (GST exclusive) |
|--|----------------|-------------------------------------|--|--|---|
| Officer of the Department administered by the Treasurer | Geoffrey Waite | 3 | N/A | N/A | N/A |
| No. scheduled meetings | 3 | | | | |
| Total out of pocket expenses | N/A | | | | |

Under the *Public Trustee Act 1978*, the Public Trust Office Investment Board must consist of at least three members, one of whom shall be The Public Trustee of Queensland and one of whom shall be an officer of the Department administered by the Treasurer.

The Public Trust Office Investment Board has adopted the *Code of Conduct for the Queensland Public Service*.

Audit and Risk Management Committee

The Audit and Risk Management Committee is an independent advisory body established to assist The Public Trustee of Queensland in fulfilling the Accountable Officer's responsibilities under the *Financial Accountability Act 2009*, *Financial and Performance Management Standard 2009* and other relevant legislation.

The committee operates under terms of reference established in accordance with the *Audit Committee Guidelines – Improving Accountability and Performance* published by Queensland Treasury.

The committee assists with reviewing:

- financial statement preparation processes and oversight
- the risk management framework
- the fraud and corruption control framework
- internal audit plans for endorsement
- actions from internal and external audit reviews.

The Audit and Risk Management Committee met four times during 2018–19.

Voting members of the Audit and Risk Management Committee for 2018–19 were:

| Name | Details |
|--------------------|--|
| Sandra Birkenleigh | External Chair |
| Glenn Poole | External Member (until December 2018) |
| Felicity Cooper | External Member (from March 2019) |
| Janine Walker AM | External Member |
| Mark Crofton | Nominated representative of The Public Trustee of Queensland (until June 2019) |
| Kathryn Williams | Nominated representative of The Public Trustee of Queensland (from June 2019) |

Standing invitees of the Audit and Risk Management Committee are:

- The Public Trustee of Queensland
- ELT members
- Queensland Audit Office
- Head of Internal Audit.

The recommendations made by the Queensland Audit Office during 2018–19 were considered by the committee and are being appropriately addressed by management.

Current member profiles

Sandra Birkenleigh, External Chair is an experienced non-executive director currently holding a number of Board positions, including with the National Disability Insurance Agency. She is a Council member of the University of the Sunshine Coast and Chair of their Audit and Risk Committee, and an independent member of the Audit Committee of the Reserve Bank of Australia. A qualified chartered accountant, she was formerly a partner of PricewaterhouseCoopers. Sandra has recently been appointed by the Institute of Internal Auditors-Australia as the Chair of its newly established Financial Services Committee.

Felicity Cooper, External Member has a strong financial, risk, technology and advisory background. A qualified Chartered Accountant, and currently Chief Internal Auditor at Brisbane City Council, Felicity is a member of the Australian Institute of Company Directors and Chartered Accountants Australia and New Zealand. Felicity has significant risk and governance experience involving complex regulators and has led multiple million-dollar digital transformation programs for Commonwealth, State and Local Governments across Australia.

Janine Walker AM, External Member is an experienced Chair and Board Director and an Adjunct Professor in the Griffith Business School. She is currently Chair of the Board and a member of the Finance Committee and the Audit and Risk Management Committee of the Metro South Hospital and

Health Service, and the independent Chair of the Workplace Relations Committee of the Queensland Catholic Education Commission.

Mark Crofton, Deputy Public Trustee and Official Solicitor, Nominated Representative of The Public Trustee of Queensland (until June 2019) - refer to page 26.

Kathryn Williams, Acting Official Solicitor, Nominated Representative of The Public Trustee of Queensland (from June 2019) – refer to page 26.

Remuneration payments

Remuneration to external members during the 2018–19 financial year is detailed below.

| Remunerated committee members | Amount (GST exclusive)² |
|--------------------------------------|---|
| Sandra Birkenleigh | \$18,700 |
| Glenn Poole | \$6250 |
| Felicity Cooper | \$6250 |
| Janine Walker AM | \$12,500 |
| Total | \$43,700 |

Voting members are required to comply with the *Code of Conduct for the Queensland Public Service* during their term.

Athena Program Board

The role of the Board is to set the direction of the Program, drive the Program forward to deliver outcomes, realise benefits, and oversee the overall progress of the Program.

Members of the Board are:

- Executive Director, Digital and Technology (Chair)
- Executive Director, Client Experience and Delivery
- Director, Client Experience
- Executive Director, Finance and Investments and CFO
- Deputy Official Solicitor
- Senior Director, Human Resource Services
- Chief Information Officer
- Director, Digital
- External Advisor (Catherine De Ruyter De Wildt)
- Program Manager
- Executive Assistant, Digital and Technology (Secretariat)

² Includes fees outstanding for services provided during 2018–19.

Standing invitees are:

- A representative of the Governance and Risk Directorate
- A representative of Internal Audit
- A representative of the Enterprise Change Office
- All members of the ELT.

In 2019, the Program Board appointed an External Advisor to provide expert knowledge and advice on issues relevant to the program. The External Advisor is not remunerated.

The Board met 10 times during 2018–19.

External member profile

Catherine de Ruyter de Wildt, External Member has extensive experience in management consulting, business and Information Technology strategy, business development, client engagement and stakeholder management. With qualifications in business and management, Catherine's focus is on digital strategy development and digital transformation management. Her expertise also encompasses Information Technology and fraud risk management, human centered design, and large and complex program management.

Public Sector Ethics

Our employees are bound by the *Code of Conduct for the Queensland Public Service*. The Public Trustee maintains high ethical standards that support and underpin our fiduciary responsibilities.

Our Strategic Plan has an emphasis on the delivery of quality frontline services by providing our clients with professional and effective services in a responsive manner. To deliver quality frontline services, we must have competent employees who act in an ethical manner.

In delivering quality services, we continued to enhance our culture as an ethical workplace through a range of strategies which raised awareness of ethical standards and which supported ethical decision-making and behaviour. In 2018–19, those strategies included:

- educating employees about ethical standards required in the workplace through our orientation program and mandatory online compliance training including:
 - Code of Conduct
 - fraud and corruption control
 - information privacy
 - right to information
 - complaints management
 - recordkeeping and file management
 - cybersecurity awareness
- supporting line managers in inducting new staff by providing the following resources on our intranet:
 - induction guidelines
 - induction planner
 - new employee induction manual
- ensuring we have the relevant policies and procedures in place to support our compliance with the *Public Service Act 2008* and the *Public Sector Ethics Act 1994*
- promoting to all employees the Public Service Commission Directive on declaring gifts and benefits received, given and declined
- updating our Fraud and Corruption Control policy, procedure and plan
- complying with the *Public Interest Disclosure Act 2010* through having the required policy and procedures available on our website
- reviewing human resource policies and procedures to align with the Queensland Public Service values and *Code of Conduct for the Queensland Public Service*.

Public Sector Values

The Queensland Public Service values are the cornerstone of our workplace culture and are underpinned by the *Public Sector Ethics Act 1994* and the *Code of Conduct for the Queensland Public Service*.

During 2018–19, we continued to embed and implement the values into our organisation as demonstrated below.



Customers first

- We continued to provide quality frontline services in estate administration, financial management, trusts management and the Will and EPA making service.
- We operated six Centres of Excellence for Testamentary Trusts, Minors Trusts, Group Housing, Prisoners, Residential Care and Advanced Residential Care to provide better services for these client groups.
- We provided ongoing sponsorship to the Department of Communities, Disability Services and Seniors' elder abuse awareness campaign.
- We undertook annual client satisfaction surveys to measure how we are meeting our clients' expectations.
- We continued to provide specialised technical training to Trust Officers at all levels in order to provide excellent service to clients and to minimise risk.
- We progressed the *Through Their Eyes* campaign, encouraging staff to consider a different perspective, become more familiar with our customer profiles, and gain a deeper understanding of their frustrations and pain points. By developing more insight, we can build on the development of greater empathy for our clients' journeys when faced with uncertainties, grief and frustration.
- We developed Client Service Standards that clearly define our service expectations for client interactions that support strong customer relationships. The Standards are aligned to our Client Service Charter, and identify our commitment to our customers (Partnership, Respect, Ownership, Understanding and Delivery – PROUD).



Ideas into action

- We invested in the enhancement of technology and review of service delivery models and locations to better meet growing and changing demographic needs of Queenslanders.
- We upgraded facilities to better service our regional and remote clients.
- We delivered enhancements to frontline service delivery in response to client satisfaction survey outcomes.
- We delivered the Evolving Business Capability Conference 2018 to approximately 100 middle and senior managers from across the organisation. The Conference focused on their development in the areas of creative and innovative thinking and leadership capability.

Unleash potential



- We continued to provide professional and industry standard training to employees to equip our workforce with the right skills, knowledge and attitude to meet client and stakeholder expectations. This includes specialised, organisation specific, mandatory online compliance training and technical training for frontline service delivery employees and managers.
- We delivered the Corporate Orientation program every eight weeks to new employees.
- We developed and delivered, in partnership with the Australian Institute of Management, the Client Experience and Delivery Supervisor Workshops for employees at Administrative Officer Level 4 and 5 classifications. These Workshops were focused on self-awareness and management, the skills to supervise and lead small teams, as well as how their work impacts on organisational outcomes. Workshops will be continuing into 2019–20.
- We continued to provide assistance to individual employees to build their professional capabilities through the support and management of our Study and Research Assistance Scheme.



Be courageous

- We undertook primary, face to face research with our customers to explore how we could improve and redesign the future state of Public Trustee services and to understand how we can design services and products that other people would also want to use – including identifying successes and mistakes to ensure we focus on the right things from our customers' perspectives.
- We continued to make considered decisions in the interests of our often vulnerable clients, within a contested interests environment where clients and other stakeholders hold diverse views.



Empower people

- We developed and implemented a range of initiatives as a result of the feedback received through the Working for Queensland Survey, including developing Workshop Action Plans for each region/business area.
- The Client Experience and Delivery Induction program provided new Trust Officers with basic foundational skills and knowledge within the first eight weeks of joining. The aim of the program is to provide employees with a consistent technical induction as they begin their career with the Public Trustee.
- The Public Trustee has implemented a Leadership and Management Development Program in partnership with QUT. This program has aimed to provide our middle management employees at the Administrative Officer Level 6/Professional Officer Level 4 to Administrative Officer Level 8/Professional Officer Level 6, an opportunity to develop strategic leadership skills and behaviours. Focus has been on developing their leadership and management understanding while applying their learning to real internal scenarios. The first cohort had 31 participants while the second cohort had 27. The third and final cohort of 25 graduated in August 2019.

Working for Queensland Survey 2018

In September 2018, a total of 512 employees participated in the Public Sector 2018 Working for Queensland Survey. This response rate of 81% was an increase from our 2017 response rate of 76%. Similarly to previous years, the questions related to employee engagement, job empowerment and organisational leadership.

Survey results were discussed with employees through face-to-face workshops which were held during February to April 2019. In total, 28 Working for Queensland workshops were delivered by the Human Resource Services team. The workshops provided an overview of workgroup results and an opportunity to develop local action plans.

A number of key themes were identified from the action plans, which are being collated to identify initiatives that may be beneficial to apply across the Public Trustee. Work will continue throughout the next year to implement the action plans.

Governance – risk management and accountability

Governance and Risk Directorate

The components of the Public Trustee's governance framework establish the principles, relationships and processes that guide our work. We are committed to legislative compliance and ethical behaviour, and to meeting public expectations for probity, accountability and transparency.

The Governance and Risk Directorate is responsible for administering, supporting and guiding the Public Trustee's governance processes.

Governance and Risk's functions include:

- statutory reporting including annual reporting and preparing our Service Delivery Statement
- managing the risk management framework
- fraud and corruption control
- government relations
- complaints management
- right to information, information privacy, and administrative access and release
- developing, reviewing and implementing related policies and procedures.

Governance and Risk is responsible for effective implementation of and compliance with a number of legislative requirements for the Public Trustee, including the *Right to Information Act 2009*, *Information Privacy Act 2009* and *Public Interest Disclosure Act 2010*.

Some of our performance highlights in 2018–19 are detailed on the next page.

- We engaged one-on-one and through team meetings, working groups, project boards and other forums to discuss, advise and collaborate on diverse governance issues in order to enhance governance capability across the Public Trustee.
- We shared information and learnings, and demonstrated our commitment to better practice, through participation in the whole-of-Government Strategic Management Network focussed on planning, performance reporting and related topics.
- We refined the information captured in the Complaints Management System to ensure it enables the Public Trustee to identify improvements that can be made to the organisation, its services and the way they are delivered. In 2018–19, there were 539 complaints recorded indicating a continued downwards trend from 654 complaints in 2016–17 and 610 in 2017–18.
- We worked closely with our colleagues in Client Experience and Delivery to develop the process, and subsequent training of staff, to record frontline complaints.
- We achieved positive findings in an Office of the Information Commissioner Audit of Awareness of Privacy Obligations. The Audit examined whether selected Queensland Government agencies appropriately educated and trained their employees about their obligations under the *Information Privacy Act 2009*. The Public Trustee was one of the organisations subject to the audit. Human Resource Services provided extensive assistance in gathering information relevant to the scope of the audit. The Public Trustee provided feedback on the positive findings and the Report was tabled in Parliament on 12 February 2019.
- We confirmed our commitment to improving access to information for the community and a better understanding of privacy rights and responsibilities, as part of a coordinated training and communications program throughout the year. For example, we raised awareness of:
 - the importance of valuing personal information during Privacy Awareness Week with activities, promotions and by engaging in team meetings across various program areas of the Public Trustee
 - every individual’s right to access government-held information, if it is in the public interest to do so, through activities celebrating Right to Information Day 2018 with a focus on ‘Trust and Transparency’.

Making a positive difference in the lives of Queenslanders

Governance and Risk has identified a recent trend developing with requests for access to archival material of the Public Trustee. The Department of Aboriginal and Torres Strait Islander Partnerships (DATSIP) is reviewing deceased estates of Aboriginal people whose financial affairs were controlled under the *Aboriginals Preservation and Protection Act 1939* where their estate was not distributed, but instead was transferred to the Aborigines Welfare Fund. This project is part of a Queensland Government commitment.

Established in 1943 for the general benefit of Aboriginal people under the provisions of the *Aboriginals Preservation and Protection Act 1939*, the Aborigines Welfare Fund comprised income from a range of sources including child endowment benefits paid for children in mission dormitories, unclaimed estates of deceased or missing Aboriginal people, compulsory deductions from Aboriginal people's wages, and income earned from grazing and agricultural enterprises. The Queensland Government Response to the Stolen Wages Reparations Taskforce Report (Reconciling Past Injustice) identified that the Queensland Government would ensure that reassessment of the deceased estates and relevant distribution of funds would be progressed as a matter of priority.

Another active initiative is by the DATSIP Home Ownership Team, which is seeking information from the Public Trustee to assist in identifying beneficiaries to portions of estates in accordance with section 60 of the *Aboriginal and Torres Strait Islander Communities (Justice, Land and other Matters) Act 1984* with regards to perpetual lease entitlement under the *Aboriginal and Torres Strait Islanders (Land Holding) Act 1985*.

Governance and Risk is managing an increasing number of requests from DATSIP for information from our records relating to the estates of individuals of Aboriginal background, to assist with their research. Some matters have required recalling the record from the Queensland State Archives and preparing detailed responses to DATSIP. The Public Trustee anticipates receiving more requests in the coming months as the project progresses.

The team has also managed a diverse range of privacy and information access matters during the 2018–19 year, including:

- undertaking a Privacy Impact Assessment for geographical mapping by the Queensland Government Statistician's Office on behalf of the Public Trustee
- managing the release of documents to new administrators, executors or former clients, with over 20,000 documents released relating to 16 clients in 2018 – an example of the voluminous work that is often involved in responding to requests for information through administrative release processes

- assisting a local council with access to documents relating to the functions of the Office of Insolvency and historical ownership of a property transferred by 'Transmission by Insolvency' to the Public Curator of Queensland. The parcel of land concerned contains a prominent land feature in the local landscape that was named and gazetted by the Queensland Government. The current landowner applied for approval to operate a quarry from the land; the application was refused and is now subject to appeal. The documents were poorly preserved and extremely fragile, making inspection and research a painstaking and delicate task. After careful consideration, the Public Trustee's Privacy Officer was able to assist the council by providing copies of certain documents relating to the land and the original landowner, after whom the prominent land feature was named. The council was very appreciative and it is hopeful this prominent land feature can be preserved.

Risk management

Risk management at the Public Trustee is governed by our Risk Management Framework, a core component of our overall corporate governance. Aligned to the *AS/NZS ISO 31000:2009 Risk Management Standard* and designed for our specific business and organisational environment, the framework encompasses policies, procedures, systems and strategies that effectively manage our risks through regular engagement and consultation.

In line with its purpose to support the CEO, the ELT is committed to promoting a risk management culture and to organisational risk management principles. Risks are identified and monitored on an ongoing basis to ensure they adequately reflect the current operating environment and are brought to the attention of ELT where required. Significant risks at organisation and program area levels are regularly reviewed and reported to the ELT and Audit and Risk Management Committee.

In 2018–19, Governance and Risk progressed a body of work aimed at increasing risk maturity and strengthening the Framework foundations including:

- developing a Risk Appetite Statement to establish baseline risk levels the Public Trustee is willing to accept in pursuing its strategic and operational objectives. This Statement enables a consistent approach across programs in understanding and managing risks in day-to-day operations, particularly in decision-making
- conducting risk workshops with management teams to identify and assess significant risks across the Public Trustee. Individual program registers, and the Material Business and Strategic Risk Register, are reviewed by risk owners as part of regular management meetings to enable informed decision-making
- continually enhancing the Risk Management Framework for consistency of risk assessment, monitoring and reporting in line with the *ISO 31000:2018-2 Risk Management – Guidelines* and other applicable standards
- improving risk metrics defining the consequence and likelihood levels, in consultation with relevant stakeholders

- providing advice and guidance on risk ownership, escalation, treatment, review and reporting to program areas across the Public Trustee.

External scrutiny

The Public Trustee is subject to external scrutiny by entities including the:

- Auditor-General, Queensland Audit Office
- Queensland Ombudsman
- Crime and Corruption Commission
- Office of the Information Commissioner
- Queensland Parliament's Legal Affairs and Community Safety Committee.

Internal audit

Internal Audit provides independent, objective assurance and consulting to improve the operational performance of the Public Trustee.

The unit's role is defined in its Charter, approved by The Public Trustee of Queensland and endorsed by the Audit and Risk Management Committee.

The charter has regard to the *Financial and Performance Management Standard 2009* and the Institute of Internal Auditors' *International Standards for the Professional Practice of Internal Auditing*.

Internal Audit is autonomous and reports directly to The Public Trustee of Queensland, with oversight by the Audit and Risk Management Committee. Internal Audit has due regard to Queensland Treasury's *Audit Committee Guidelines: Improving Accountability and Performance*. Strong links with the Queensland Audit Office provide the foundation for a collaborative audit approach to ensure optimal audit coverage across all areas of the organisation, including financial and compliance audits, operational and efficiency audits, information system audits, and investigations.

The current Head of Internal Audit holds a Bachelor of Commerce (Hons). He is a Certified Internal Auditor, Financial Services Auditor, and Information Systems Auditor and is also certified in Control Self-Assessment.

The *Strategic and Annual Internal Audit Plan* is developed in consultation with key stakeholders and takes into account the significant risks identified by management through the Public Trustee's Risk Management Framework.

In 2018–19, Internal Audit conducted independent reviews and audits of our internal controls, business processes and management practices. Key achievements included:

- establishing a control assurance framework within the organisation
- reviewing Client Experience and Delivery and corporate operations to provide the Executive Director, Investment and Finance Services and CFO with assurances to support sound processes and procedures underpinning the financial statements
- providing information papers to raise awareness of current issues being encountered and to enhance understanding and address topical issues

- ongoing development of the Data Analytics Program which provides continued assurance with respect to the functions of key controls.

Information systems and recordkeeping

The Public Trustee is committed to meeting its responsibilities under the *Public Records Act 2002* and other relevant legislation, Queensland State Archives policies and best practice methods. We continue to explore and implement ways of enhancing our efficiency and agility in providing services to Queenslanders, and demonstrate our commitment to quality information and records management that reduces the reliance on paper records through automation and digitisation.

In 2018–19, we demonstrated our commitment to compliant recordkeeping practices by:

- completing our enterprise Information Asset Register
- finalising a draft Digitisation and Disposal Policy including destruction procedures in line with Queensland State Archives requirements
- reviewing and updating mail processes in preparation for digitisation
- continuing mandatory online recordkeeping training for all employees and contractors
- revising the role and readiness of our electronic Document and Records Management System (eDRMS) to ensure reliability, performance and security of electronic records ahead of records and mail service digitisation
- reviewing and updating the Business Classification Scheme within our eDRMS
- disposing of public records in accordance with the Public Trust Office Retention and Disposal Schedule (QDAN 651 v.1) and the Queensland Government General Retention and Disposal Schedule
- commencing a review and gap analysis of the Public Trust Office Retention and Disposal Schedule.

Our people



Workforce planning and performance

Our employees are employed under the *Public Service Act 2008* and related industrial instruments aligning with Queensland Public Service Commission policies and directives.

The workforce profile full-time equivalent establishment is 606.39 (as per the Minimum Obligatory Human Resources Information report for the quarter ending 30 June 2019). The Public Trustee employs over 630 staff as headcount.

For 2018–19, the permanent separation rate was six per cent. Some of the strategies we have in place to proactively retain employees include a structured onboarding program to maximise integration of new employees into the Public Trustee, structured training programs for customer facing staff, access to flexible work arrangements (such as part time return to work programs following parental leave) and supervisor and leadership development options to support career development. Performance Planning and Development discussions provide opportunities for managers to engage with employees by providing feedback, supporting skills development and career growth.

Workforce development

Work commenced in 2018 – 2019 on the development of a Strategic Workforce Plan to ensure our workforce is best positioned to deliver on our *Strategic Plan 2016–2020* and other internal change initiatives.

A review of our current workforce state and profile was undertaken as well as a review of our Client Experience and Delivery Workload Model. Work is continuing internally to progress our workforce planning, which will be ongoing over the next 12 months.

A range of people and capability development initiatives were delivered over the last year to ensure that our employees are supported in our changing work environment, including:

- addressing workforce demand through Attraction, Recruitment and Selection initiatives: reviewing and modernising advertising; updating and revitalising job descriptions; and coaching conversations with selection panels on process and selection techniques
- increasing our employee capability through workforce learning and development initiatives: continuing improvements to our mandatory and refresher compliance training; supporting and delivering the annual leadership conference; and developing specific training for supervisors and managers
- promoting flexible work practices and resourcing through policy and local practices: reviewing human resource frameworks, policy and guidelines; encouraging flexible local work practices in line with Public Service Commission directives and local resourcing requirements; and raising awareness and understanding of everyone's roles and responsibilities to promote a flexible work environment
- improving engagement and retention through workplace culture initiatives: participation in the Working for Queensland Survey and engagement in the Survey Workshops; continual improvement of our corporate orientation based on employee feedback; and approval and

development of our Employee Wellness Program.

Key systems were reviewed in 2018–19 with the finalisation and acquittal of all recommendations from the external Work Health and Safety audit, as well as the completion of the Work Health and Safety Management System. Embracing this system demonstrates our commitment to providing and maintaining a safe and healthy work environment for all employees, contractors, visitors and clients. Safety and incident prevention has been a focus and an integral part of our responsibilities.

Early retirement, redundancy and retrenchment

No redundancy, early retirement or retrenchment packages were paid during the 2018–19 financial year.

Our offices

To contact us, phone 1300 360 044 or email clientenq@pt.qld.gov.au.

Brisbane

Trustee House
444 Queen Street, Brisbane QLD 4000
GPO Box 1449, Brisbane QLD 4001

Birtinya

Suite 1-3, 20 Innovation Parkway,
Birtinya QLD 4575
PO Box 49, Buddina QLD 4575

Brendale

170 South Pine Road, Brendale QLD 4500
PO Box 5204, Brendale DC QLD 4500

Bundaberg

Trustee House
189 Bourbong Street, Bundaberg QLD 4670
PO Box 860, Bundaberg QLD 4670

Cairns

Trustee House
27 Sheridan Street, Cairns QLD 4870
PO Box 656, Cairns QLD 4870

Gladstone

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66 Goondoon Street, Gladstone QLD 4680
PO Box 5021, Gladstone QLD 4680

Ipswich

Trustee House
99 Brisbane Street, Ipswich QLD 4305
PO Box 140, Ipswich QLD 4305

Mackay

Trustee House
18 Brisbane Street, Mackay QLD 4740
PO Box 401, Mackay QLD 4740

Maryborough

277 Alice Street, Maryborough QLD 4650
PO Box 280, Maryborough QLD 4650

Mount Isa

Trustee House
18 Miles Street, Mount Isa QLD 4825
PO Box 960, Townsville QLD 4810

Redcliffe

Trustee House
165 Sutton Street, Redcliffe QLD 4020
PO Box 131, Redcliffe QLD 4020

Rockhampton

Trustee House
67 East Street, Rockhampton QLD 4700
PO Box 273, Rockhampton QLD 4700

Southport

Trustee House
66 Nerang Street, Southport QLD 4215
PO Box 876, Southport QLD 4215

Toowoomba

Trustee House
447 Ruthven Street, Toowoomba QLD 4350
PO Box 139, Toowoomba QLD 4350

Townsville

370 Flinders Street, Townsville QLD 4810
PO Box 960, Townsville QLD 4810

Outreach locations

Our outreach locations and schedules for our Wills and EPA making service are as follows:

Brisbane

The Brisbane Office services eight venues around the metropolitan area each month:

- Chermside Centrelink – third Friday of each month
- Cleveland Courthouse – Monday to Thursday each week
- Holland Park Courthouse – Tuesday and Thursday each week
- Mitchelton Centrelink – second and fourth Friday of each month
- Nundah Centrelink – first Friday of each month
- Toowong Centrelink – fourth Friday of each month
- Wynnum Courthouse – Wednesday each week
- Woodridge Centrelink – third Wednesday of each month.

Bundaberg

The Bundaberg Office services one venue: Childers Courthouse – one Wednesday every four to six weeks based on demand (set around court sitting dates).

Cairns

The Cairns Office services three venues:

- Mareeba Courthouse – one Wednesday each month (set around court sitting dates)
- Atherton Courthouse – one Monday each month (set around court sitting dates)
- Innisfail Courthouse – one Wednesday every two months (set around court sitting dates).

Ipswich

The Ipswich Office services two venues:

- Beaudesert Queensland Government Customer Centre – one Wednesday every two months
- Richlands Courthouse – one day each month (set around court sitting dates).

Maryborough

The Maryborough Office services three venues:

- Gympie Courthouse – one Friday each fortnight
- Hervey Bay Courthouse – Monday and Tuesday each week
- Tin Can Bay RSL Sub Branch Inc. – one Tuesday every three months.

Mount Isa

The Mount Isa Office services one venue: Cloncurry Courthouse. This community outreach service is delivered upon request.

Redcliffe

The Redcliffe Office provides an outside visitation service for people who would have difficulty in attending the Redcliffe Office. This service operates every Tuesday, and also on other days in cases where urgent visits are required.

Rockhampton

The Rockhampton Office services three venues:

- Yeppoon Courthouse – one Tuesday each fortnight
- Woorabinda – delivered upon request
- Dululu – delivered upon request.

Southport

The Southport Office services three venues:

- Beenleigh Neighbourhood Centre (during the renovation period for the Beenleigh Courthouse) – every Tuesday
- Palm Beach Centrelink – one Thursday each fortnight
- Robina Centrelink – Wednesday each week.

Sunshine Coast

The Sunshine Coast Office services three venues:

- Nambour Courthouse – Thursday and Friday each week
- Caloundra Courthouse – one Friday each month
- Noosa Courthouse – one Thursday each month.

Townsville

The Townsville Office services four venues:

- Ayr Courthouse – one Tuesday each month (set around court sitting dates)
- Charters Towers Courthouse – one Tuesday each month (set around court sitting dates)
- Ingham Courthouse – one Tuesday each month (set around court sitting dates)
- Townsville Dispute Resolution Centre – one Thursday each month.

The Public Trustee also provides, where necessary, an outside visitation service for people who would have difficulty in attending the Public Trustee's offices or outreach locations. Venues depend on individual client circumstances, but include hospitals, hospices, nursing homes, retirement villages

and private residences. One Wills Officer is accompanied on each visit by another Public Trustee staff member to assist in witnessing Wills.

Glossary

This glossary provides a simple description of some terms used in this report to generally assist the reader.

Administrator

An administrator is a substitute decision-maker and makes decisions on behalf of an adult with impaired decision-making capacity in respect to financial matters. An administrator is appointed by the Queensland Civil and Administrative Tribunal or the Court under the *Guardianship and Administration Act 2000*.

Attorney

An attorney is the person nominated by an individual under a power of attorney or an EPA to manage their affairs.

Beneficiary

A beneficiary is a person or organisation who receives a benefit under a Will or trust which may include personal effects, property or money.

Charitable and Philanthropic Trusts

The Public Trustee acts as trustee for various significant charitable and philanthropic trusts. These trusts are established for charitable purposes and usually will have a deductible gift recipient status, which means that people who make donations to the trustee for the use of the charitable trust can receive a tax deduction for the donation.

Common Fund

Under section 19 of the *Public Trustee Act 1978*, all moneys vested in or coming into the hands of the Public Trustee on behalf of clients, shall be held in one or more common funds and shall be invested by the Public Trustee.

Enduring Power of Attorney (EPA)

An EPA is an important legal document that gives someone else the power to make personal or financial decisions on behalf of the donor (the maker of the EPA) under the *Powers of Attorney Act 1998*. The Public Trustee accepts appointment as a financial attorney under EPAs.

Further information regarding EPAs can be found in the publication 'Let's talk about Enduring Powers of Attorney' available online at <https://www.pt.qld.gov.au/about/publications/brochures-and-videos/>.

Executor

The role of an Executor of a Will is to administer the estate of a deceased person and distribute the assets in accordance with the deceased's Will.

Further information regarding executorship can be found in the publication 'Let's talk about Executor Services' available online at <https://www.pt.qld.gov.au/about/publications/brochures-and-videos/>.

General Retention and Disposal Schedule

The General Retention and Disposal Schedule covers records of common activities and functions, and transitory and short term records created as part of routine transactional business practices.

Growth Trust (Public Trustee of Queensland Investment Fund Growth Trust)

A unit trust is an investment vehicle that enables a number of investors to pool their money to make investments in a variety of assets such as property and shares. The Growth Trust is a unit trust. The Public Trustee is the Trustee and manager of the Growth Trust. Queensland Investment Corporation (QIC) is the investment manager.

Intestacy

Where a person dies without a valid Will the person is said to have died intestate. The person who administers the estate and distributes it in these circumstances is normally referred to as an Administrator. The Public Trustee is often asked to act as administrator in intestate estates.

Further information regarding Intestacy can be found in the publication 'Let's talk about Intestacy' available online at <https://www.pt.qld.gov.au/about/publications/brochures-and-videos/>.

Majority

Majority is the age at which a minor (child) is said to have reached full legal age and is competent to manage his/her own affairs. The age of majority in Queensland is prescribed by the *Law Reform Act 1995*. Section 17 of the Act provides that "the age of majority is 18 years".

Minor's Trust

Often there is a need for a Trustee to hold property on behalf of a minor. The Public Trustee often becomes involved in a minor's trust where the child has received assets from a deceased estate or personal injury claim etc. In these circumstances the Public Trustee holds the assets in trust for the benefit of the minor.

The Public Trustee

The Public Trustee is legislated by the *Public Trustee Act 1978* and is a corporation sole constituted by the Act.

The Public Trustee of Queensland

The appointment to the position of the Public Trustee of Queensland is made by the Governor in Council and the position holder is subject to the Minister for Justice.

Queensland Civil and Administrative Tribunal

The Queensland Civil and Administrative Tribunal has the legislative power to appoint guardians and administrators for an adult with impaired decision-making capacity. This makes sure that the adult's needs are met and their interests protected.

Queensland Government Agent Program

In rural and smaller regional areas, local and Queensland Government offices have been nominated as part of the Queensland Government Agent Program as agents for public sector agencies including the Public Trustee. A broad range of government services can be accessed at these offices which provide information, help and advice on all Queensland Government services. Information on participating offices can be found at: www.qld.gov.au/about/contact-government/contacts/government-service-offices/.

Trust

A trust exists where the owner of property is obliged to deal with that property for the benefit of some other person or people or for some particular purpose recognised by law, for example for a charitable purpose. There are three key elements of a trust: a trustee, beneficiary/beneficiaries (or, in the case of a charitable trust, a charitable purpose) and trust property.

Trustee

A trustee is the person (including the Public Trustee of Queensland) who holds the trust property and administers the trust in accordance with the terms of the trust for the benefit of the beneficiary/beneficiaries or the purpose of the trust. The trustee is under an obligation to deal with those assets not for his or her own benefit but for the benefit of the beneficiaries or the purpose of the trust (for example, a charitable purpose).

Will

A Will is a document stating how a testator (the maker of the Will) would like their estate (assets) to be distributed after they die. The *Succession Act 1981* defines how a Will should be prepared for it to be valid.

Further information regarding the Public Trustee's will-making service can be found in the publication 'Let's talk about Wills' available online at <https://www.pt.qld.gov.au/about/publications/brochures-and-videos/>.

Acronyms

| | |
|-------|---|
| ACN | Australian Company Number |
| AHRI | Australian Human Resources Institute |
| CEO | Chief Executive Officer |
| CFO | Chief Finance Officer |
| CPI | Consumer Price Index |
| eDRMS | electronic Document and Records Management System |
| ELT | Executive Leadership Team |
| EPA | Enduring Power of Attorney |
| FTE | Full-time equivalent |
| GST | Goods and Services Tax |
| M | Million |
| N/A | Not applicable |
| QCF | Queensland Community Fund |
| QDAN | Queensland Disposal Authority Number |
| QIC | Queensland Investment Corporation |
| QUT | Queensland University of Technology |
| WH&S | Workplace Health and Safety |

The Public Trustee of Queensland

ABN 12 676 939 467

Financial Statements Year Ended 30 June 2019

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General Information

The Public Trustee of Queensland operates as a corporation sole governed by the *Public Trustee Act 1978* and reports to Queensland Parliament through the Attorney-General. The Public Trustee of Queensland is a department for the purposes of the *Financial Accountability Act 2009* (the Act); the Public Trustee being the accountable officer of the Public Trust Office under section 65(3) of the Act and section 3 of the *Financial Accountability Regulation 2009*.

For the purpose of this report, 'the Public Trustee' refers to the corporation and 'the Public Trustee of Queensland' refers to the independent statutory individual.

The head office and principal place of business of the Public Trustee: Trustee House, 444 Queen Street, Brisbane QLD 4000.

For information in relation to the Public Trustee's financial statements, please email clientenq@pt.qld.gov.au or visit the website at www.pt.qld.gov.au.

The Public Trustee of Queensland
Statement of Comprehensive Income
Year Ended 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|-------|----------------|----------------|
| Revenue | | | |
| Fees | 1 | 61,783 | 58,919 |
| Interest revenue | 2 | 27,604 | 28,176 |
| Other revenue | 3 | 4,127 | 3,346 |
| Total Revenue | | 93,514 | 90,441 |
| Expenses | | | |
| Employee expenses | 4 | 56,048 | 52,321 |
| Supplies and services | 5 | 20,285 | 17,625 |
| Depreciation and amortisation | | 2,572 | 2,280 |
| Interest expense | 12 | 11,980 | 11,745 |
| Contributions | 6 | 1,406 | 1,588 |
| Other expenses | 7 | 2,013 | 1,472 |
| Total Expenses | | 94,304 | 87,031 |
| Operating Result | | (790) | 3,410 |
| Other Comprehensive Income | | | |
| <u>Items that will not be reclassified to Operating Result</u> | | | |
| Increase in asset revaluation surplus | 14 | 12,501 | 598 |
| <u>Items that may be reclassified to Operating Result</u> | | | |
| Net loss on available-for-sale financial assets | | - | (1,213) |
| Net gain on financial assets at fair value through other comprehensive income (FVOCI) | | 10,690 | - |
| Total Other Comprehensive Income | | 23,191 | (615) |
| Total Comprehensive Income | | 22,401 | 2,795 |

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland

Statement of Financial Position As at 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|-------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and cash equivalents | 8 | 246,617 | 196,949 |
| Receivables | 9 | 17,322 | 15,966 |
| Other financial assets | 10 | 494,776 | 533,935 |
| Prepayments | | 533 | 482 |
| | | 759,248 | 747,332 |
| Property, plant and equipment held for sale | 11 | 1,100 | 1,985 |
| Total Current Assets | | 760,348 | 749,317 |
| Non-Current Assets | | | |
| Other financial assets | 10 | 170,562 | 165,580 |
| Property, plant and equipment | 11 | 51,301 | 40,158 |
| Intangible assets | | 180 | 215 |
| Total Non-Current Assets | | 222,043 | 205,953 |
| Total Assets | | 982,391 | 955,270 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | | 4,159 | 1,901 |
| Deposits held in trust | 12 | 737,044 | 735,627 |
| Accrued employee benefits | 13 | 15,338 | 14,483 |
| Total Current Liabilities | | 756,541 | 752,011 |
| Non-Current Liabilities | | | |
| Accrued employee benefits | 13 | 1,254 | 1,064 |
| Total Non-Current Liabilities | | 1,254 | 1,064 |
| Total Liabilities | | 757,795 | 753,075 |
| Net Assets | | 224,596 | 202,195 |
| EQUITY | | | |
| Asset revaluation surplus | 14 | 38,834 | 26,333 |
| Accumulated surplus | | 185,762 | 175,862 |
| Total Equity | | 224,596 | 202,195 |

The above statement should be read in conjunction with the accompanying notes.

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The Public Trustee of Queensland

Statement of Changes in Equity Year Ended 30 June 2019

| | Accumulated Surplus | Asset Revaluation Surplus | Total Equity |
|---|------------------------|---------------------------------|-----------------|
| | \$'000 | \$'000 | \$'000 |
| Balance as at 1 July 2017 | 173,665 | 25,735 | 199,400 |
| Operating result for the year | 3,410 | - | 3,410 |
| Other comprehensive income | | | |
| Increase in asset revaluation surplus | - | 598 | 598 |
| Net loss on available-for-sale financial assets | (1,213) | - | (1,213) |
| Balance as at 30 June 2018 | 175,862 | 26,333 | 202,195 |
| Balance as at 1 July 2018 | 175,862 | 26,333 | 202,195 |
| Operating result for the year | (790) | - | (790) |
| Other comprehensive income | | | |
| Increase in asset revaluation surplus | - | 12,501 | 12,501 |
| Net gain on financial assets at FVOCI | 10,690 | - | 10,690 |
| Balance as at 30 June 2019 | 185,762 | 38,834 | 224,596 |

Refer to Note 14 for further information relating to the Asset Revaluation Reserve
Refer to Note 15 for further information relating to Accumulated Surplus

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland
Statement of Cash Flows
Year Ended 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|-------|----------------|----------------|
| Cash Flows From Operating Activities | | | |
| <i>Inflows:</i> | | | |
| Fees received | | 62,813 | 57,939 |
| Interest revenue received | | 27,583 | 28,176 |
| Other revenue received | | 535 | 977 |
| GST collected from customers | | 8,914 | 7,479 |
| Net amount accepted as deposits held in trust | | 465 | 6,022 |
| <i>Outflows:</i> | | | |
| Payments to suppliers and employees | | (75,257) | (70,292) |
| GST paid to suppliers | | (4,524) | (3,636) |
| GST remitted to ATO | | (4,238) | (4,050) |
| Interest expense | | (11,976) | (11,745) |
| Net Cash Provided By Operating Activities | | 4,315 | 10,870 |
| Cash Flows From Investing Activities | | | |
| <i>Inflows:</i> | | | |
| Sales of other financial assets | | 173,539 | 193,248 |
| Sales of property, plant and equipment | | 445 | - |
| <i>Outflows:</i> | | | |
| Payments for other financial assets | | (167,506) | (144,251) |
| Payments for property, plant and equipment | | (1,432) | (4,461) |
| Net Cash Flow Provided By Investing Activities | | 5,046 | 44,536 |
| Net Increase in Cash and Cash Equivalents | | 9,361 | 55,406 |
| Cash and Cash Equivalents at Beginning of the Financial Year | | 240,343 | 184,937 |
| Cash and Cash Equivalents at End of the Financial Year | 8 | 249,704 | 240,343 |

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland
Statement of Cash Flows
Year Ended 30 June 2019

| Reconciliation of Operating Result to Net Cash Provided By Operating Activities | 2019 | 2018 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Operating Result | (790) | 3,410 |
| Depreciation and amortisation expense | 2,572 | 2,280 |
| Net loss on sale of plant and equipment | 69 | 146 |
| Asset impairment and write down expense | 625 | - |
| Net gain on sale of other financial assets | (1,473) | (618) |
| Change in Assets and Liabilities: | | |
| (Increase) in receivables | (1,356) | (1,597) |
| (Increase) in prepayments | (51) | (34) |
| Increase/(Decrease) in other payables | 2,258 | (308) |
| Increase in accrued employee benefits | 1,045 | 836 |
| Increase in deposits held in trust | 1,416 | 6,755 |
| Net Cash Provided By Operating Activities | 4,315 | 10,870 |

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

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BASIS OF FINANCIAL STATEMENTS PREPARATION

a) Objectives of the Public Trustee

The Public Trustee provides trustee, estate and administration services to the people of Queensland.

The *Public Trustee Act 1978* (the Act) grants the Public Trustee broad and general powers in relation to the financial operations of the Public Trustee and its funds, particularly the Common Fund. Under section 19 of the Act, all moneys vested in or coming into the hands of the Public Trustee are required to be held in one or more Common Funds. All dealings that are transacted through the Common Fund are controlled by the Public Trustee and are not administered on behalf of the Government.

The Public Trustee is a self-funded organisation which provides its full range of services to the community at no cost to the Government.

b) Compliance with Prescribed Requirements

The Public Trustee has prepared these financial statements in compliance with the requirements of the *Public Trustee Act 1978* and section 42 of the *Financial and Performance Management Standard 2009*. The financial statements comply with Queensland Treasury's *Minimum Reporting Requirements* for reporting periods beginning on or after 1 July 2018 and other authoritative pronouncements.

The Public Trustee is a not-for-profit entity and these general purpose financial statements have been prepared on an accruals basis in accordance with Australian Accounting Standards and Interpretations applicable to not-for-profit entities.

New accounting standards adopted early and/or applied for the first time in these financial statements are outlined in Note 27.

c) Presentation Matters

(i) Currency and Rounding

Amounts included in the financial statements are in Australian dollars and rounded to the nearest \$1,000 or, where that amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

(ii) Comparatives

Comparatives have been regrouped or reclassified where necessary (not material to financial statements).

(iii) Current/Non-Current Classification

Assets and liabilities are classified as either 'current' or 'non-current' in the statement of financial position and associated notes.

Assets are classified as 'current' where their carrying amount is expected to be realised within 12 months after the reporting date. Liabilities are classified as 'current' when they are due to be settled within 12 months after the reporting date, or the organisation does not have an unconditional right to defer settlement to beyond 12 months after the reporting date.

All other assets and liabilities are classified as non-current.

d) Authorisation of Financial Statements for Issue

The financial statements for the year ended 30 June 2019 were authorised for issue by the Public Trustee of Queensland and the Executive Director Investment & Finance Services & CFO at the date of signing the certification of the Public Trustee.

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e) Basis of Measurement

Historical cost is used as the measurement basis in this financial report except for the following:

- Financial Assets measured at fair value and amortised cost;
- Land and buildings which are measured at fair value; and
- Accrued employee benefits expected to be settled 12 or more months after reporting date which are measured at their present value.

(i) Historical Cost

Under historical cost, assets are recorded at the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition. Liabilities are recorded at the amount of proceeds received in exchange for the obligation or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business.

(ii) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions (i.e. an exit price) regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique. Fair value is determined using one of the following three approaches:

- The market approach uses prices and other relevant information generated by market transactions involving identical or comparable (i.e. similar) assets, liabilities or a group of assets and liabilities.
- The cost approach reflects the amount that would be required currently to replace the service capacity of an asset. This method includes the current replacement cost methodology.
- The income approach converts multiple future cash flows amounts to a single current (i.e. discounted) amount. When the income approach is used, the fair value measurement reflects current market expectations about those future amounts.

Where fair value is used, the fair value approach is disclosed.

(iii) Present Value

Present value represents the present discounted value of the future net cash inflows that the item is expected to generate (in respect of assets) or the present discounted value of the future net cash outflows expected to settle (in respect of liabilities) in the normal course of business.

f) The Reporting Entity

The financial statements include the value of all revenue, expenses, assets, liabilities and equity controlled by the Public Trustee through the Common Fund.

g) Interest in Associates

Associates are those entities in which the Public Trustee has significant influence, but no control or joint control, over the financial and operating policies.

The Public Trustee is one of the contributors and sponsors of the QCF Management Co. Ltd which was established on 3 December 2010 to provide administration, marketing and management support for the Queensland Community Foundation for which the Public Trustee is a Trustee.

As the transactions and balances of QCF Management Co. Ltd are immaterial, they have not been included in these accounts.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

NOTES ABOUT OUR FINANCIAL PERFORMANCE

1. Fees

| | 2019 | 2018 | Accounting Policy – Fees |
|--|---------------|---------------|--|
| | \$'000 | \$'000 | |
| Administration of estates and trusts and other professional fees | 90,125 | 85,717 | Fees are recognised as revenue when the revenue has been earned and can be reliably measured with a sufficient degree of certainty. This occurs upon the completion of the services at which time service charges are levied. The rates of charges levied are governed by the <i>Public Trustee Act 1978</i> . |
| Trust fees | 4,841 | 4,873 | |
| Auctions revenue | 2,534 | 2,363 | |
| Community service obligations | (35,717) | (34,034) | |
| | 61,783 | 58,919 | |

Where, due to financial circumstances, a client is unable to pay the full amount of the fee, a rebate for all or part of the fee may be given in accordance with Community Service Obligations (CSOs) arrangements. These CSOs are shown as an offset against revenue.

The Public Trustee also receives trustee fees for acting as trustee of the Public Trustee of Queensland Growth Trust. The fee is set as a percentage of funds under management and is outlined in the product information statement for the trust. Trustee fees are recognised when the revenue has been earned based on the number of days the trustee service is provided.

2. Interest Revenue

| | 2019 | 2018 | Accounting Policy – Interest Revenue |
|---|---------------|---------------|---|
| | \$'000 | \$'000 | |
| Cash – at call deposits | 6,796 | 4,722 | Interest income is recognised using the effective interest method. |
| Fixed rate deposits ⁽ⁱ⁾ | 6,322 | 9,175 | |
| Floating rate deposits ⁽ⁱⁱ⁾ | 859 | 1,507 | Interest income is recognised for financial assets when it is probable that economic benefits will flow to the Public Trustee and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset to that asset's net carrying amount on initial recognition. |
| Compounding deposits ⁽ⁱ⁾ | - | 118 | |
| Semi-government securities ⁽ⁱ⁾ | 3,961 | 4,636 | |
| Corporate securities ⁽ⁱ⁾ | 4,587 | 3,007 | |
| Corporate notes ⁽ⁱⁱ⁾ | 4,776 | 4,076 | |
| QIC unit trust ⁽ⁱⁱ⁾ | 233 | 876 | |
| Other interest | 70 | 59 | |
| | 27,604 | 28,176 | |

(i) Fixed interest rate applies to these financial assets

(ii) Floating interest rate applies to these financial assets

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

3. Other Revenue

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Property revenue | 789 | 799 |
| Sundry revenue | 183 | 203 |
| Archival services received below fair value | 1,682 | 1,726 |
| Gain on sale of financial assets (FVOCI) | 1,280 | 542 |
| Gains on revaluation of QIC unit trust (FVPL) | 193 | 76 |
| | 4,127 | 3,346 |

Accounting Policy – Services received below fair value

Contribution of services are recognised only if the services would have been purchased if they had not been donated and their value can be measured reliably. In such case, an equal amount is recognised as revenue and expense.

Accounting Policy - Gain/Loss On Sale and Revaluation of Financial Assets

Gains or losses of financial assets at fair value through profit or loss (FVPL) and fair value through other comprehensive income (FVOCI) are included in the period in which they arise.

4. Employee Expenses

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Employee Benefits | | |
| Salaries and wages | 43,396 | 40,497 |
| Annual leave | 4,562 | 4,280 |
| Employer superannuation contributions | 5,836 | 5,425 |
| Long service leave | 1,317 | 1,244 |
| Employee Related Expenses | | |
| Workers' compensation insurance | 158 | 108 |
| Other employee related expenses | 779 | 767 |
| | 56,048 | 52,321 |
| Full-time Equivalent Employees ⁽ⁱ⁾ | 606 | 594 |

Accounting Policy – Salaries and Wages and Sick Leave

Salaries and wages are expensed during the reporting period in which the employees rendered the related service. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.

Accounting Policy - Annual Leave and Long Service Leave

Employee leave entitlements including on-costs are charged in the operating result and recognised as a liability each month. Refer Note 13 for further details.

Accounting Policy – Employer Superannuation Contributions

Employer superannuation contributions are predominantly paid to QSuper, the superannuation scheme for Queensland Government employees, at rates determined by the Treasurer on the advice of the State Actuary. Contributions are expensed in the period in which they are paid or payable. The Public Trustee's obligation is limited to its contribution to QSuper which has defined benefit and defined contribution categories. The liability for defined benefits is held on a whole-of-government basis and reported in those financial statements pursuant to AASB 1049 *Whole of Government and General Government Sector Financial Reporting*.

(i) The number of full-time equivalent employees (FTEs) is based on the Minimum Obligatory Human Resource Information (MOHRI) definition as provided by the Queensland Public Service Commission.

Key management personnel and remuneration disclosures are detailed in Note 24.

Accounting Policy - Workers' Compensation Insurance

The Public Trustee pays premiums to WorkCover Queensland in respect of its obligations for employee compensation. Workers' compensation insurance is a consequence of employing employees, but is not included in an employee's total remuneration package. It is not an employee benefit and is recognised separately as an employee related expense.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

5. Supplies and Services

| | 2019 \$'000 | 2018 \$'000 | Accounting Policy – Supplies and Services |
|---|----------------|----------------|--|
| Advertising and promotion | 297 | 293 | The Public Trustee adopts the accrual basis of accounting and recognises expenses when incurred, usually when goods are received or when services are rendered. |
| Archival services received below fair value | 1,682 | 1,726 | |
| Auction expenses | 63 | 37 | Accounting Policy - Services received below fair value Contributions of services are recognised only if the services would have been purchased if they had not been donated and their fair value can be measured reliably. In such case, an equal amount is recognised as revenue and expense. |
| Computer expenses | 4,410 | 4,695 | |
| Consultants, contractors and agency temporary staff | 5,589 | 3,130 | |
| Repairs and maintenance expenses | 925 | 927 | |
| Investment and registry fees | 2,575 | 2,623 | |
| Motor vehicles and travel | 357 | 307 | |
| Office expenses | 1,442 | 1,378 | |
| Operating lease expenses | 1,076 | 856 | |
| Professional and management fees | 149 | 109 | |
| Rates, utilities and cleaning | 1,720 | 1,544 | |
| | 20,285 | 17,625 | |

Accounting Policy - Operating Lease Expenses

Operating lease payments are representative of the pattern of benefits derived from the leased assets and are expensed in the periods in which they are incurred. Incentives received on entering into operating leases are recognised as liabilities. Lease payments are allocated between rental expense and reduction of the liability.

6. Contributions

| | 2019 \$'000 | 2018 \$'000 | Accounting Policy - Contributions |
|---|----------------|----------------|--|
| Contribution to the Office of the Public Guardian | 1,172 | 1,152 | Contributions are non-reciprocal in nature so these do not require any goods or services to be provided in return. |
| Civil Law Legal Aid Scheme outlays | 234 | 436 | |
| | 1,406 | 1,588 | |

Disclosure – Contributions

The Public Trustee provides Community Service Obligations to the Queensland community in the form of contributions to the Office of the Public Guardian and the Civil Law Legal Aid Scheme in accordance with section 63A of the *Public Trustee Act 1978* and section 13 of the *Public Trustee Regulation 2012* respectively.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

7. Other Expenses

| | 2019 \$'000 | 2018 \$'000 | Accounting Policy – Gain or Loss on Sale of Property, Plant and Equipment |
|---|----------------|----------------|---|
| Bad debt recoveries and write-offs ⁽ⁱ⁾ | 308 | 204 | Any gain or loss on the disposal of property, plant and equipment is recognised in profit or loss. |
| Sponsorships | 75 | 74 | |
| Insurance premiums ⁽ⁱⁱ⁾ | 577 | 543 | Accounting Policy – Special Payments |
| External audit fees ⁽ⁱⁱⁱ⁾ | 289 | 308 | |
| Special payments ^(iv) | 49 | 142 | Special payments include ex gratia expenditure and other expenditure that the Public Trustee is not contractually obligated or where there is no clear legal obligation to make a payment under the contract terms. The Public Trustee maintains a register of all special payments greater than \$5,000 in accordance with the <i>Financial and Performance Management Standard 2009</i> . |
| Bank fees | 18 | 52 | |
| Asset impairment and write downs ^(v) | 625 | - | |
| Loss on sale of property, plant and equipment | 69 | 146 | |
| Entertainment and hosting | 3 | 3 | |
| | 2,013 | 1,472 | |

Disclosure

- (i) Includes the Public Trustee's write offs relating to client matters \$398,790 (2018: \$177,934) and bad debts recovered (\$90,220) (2018: \$26,094 bad debt).
- (ii) Insurance premiums - The Public Trustee's non-current physical assets and other risks are primarily insured through the Queensland Government Insurance Fund, premiums being paid on a risk assessment basis.
- (iii) Total audit fees payable to the Queensland Audit Office relating to the 2018-19 financial statements are \$289,500 (2018: \$307,500) comprising the Public Trustee's financial statements of \$270,000 (2018: \$287,000) and the Public Trustee of Queensland Growth Trust \$19,500 (2018: \$20,500). There are no non-audit services included in this amount.
- (iv) This amount includes 4 payments (2018: 6) relating to client matters in 2018-19 totalling \$48,790 (2018: \$142,078).
- (v) This amount includes a write down of a property in Townsville \$290,899 and impairment of a parcel of land in Ipswich \$184,534 (Refer Note 11 Property, Plant and Equipment Held For Sale) and various other plant and equipment \$150,000 (Refer Note 11 Property, Plant and Equipment).

Accounting Policy - Impairment

Impairment losses may arise on assets from time to time. Accounting for impairment losses is dependent upon the individual asset (or group of assets) subject to impairment. Accounting policies and events giving rise to impairment losses are disclosed in Receivables (Note 9) and Property, plant and equipment (Note 11).

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

NOTES ABOUT OUR FINANCIAL POSITION

8. Cash and Cash Equivalents

| | 2019 \$'000 | 2018 \$'000 |
|-------------------------------|----------------|----------------|
| Cash at bank and on hand | 3,281 | 2,988 |
| QTC at call deposits at FVOCI | 243,336 | 193,961 |
| | 246,617 | 196,949 |

Reconciliation to Statement of Cash Flows

| | | |
|-------------------------------------|----------------|----------------|
| Cash and cash equivalents | 246,617 | 196,949 |
| QIC Unit Trusts at FVPL | 3,087 | 43,394 |
| Balance per Statement of Cash Flows | 249,704 | 240,343 |

Accounting Policy – Cash and Cash Equivalents

For the purpose of the statement of financial position and statement of cash flows, cash and cash equivalents include:

- cash on hand; and
- deposits held at call with financial institutions.

9. Receivables

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Accrued revenue ⁽ⁱ⁾ | 7,973 | 7,826 |
| Client balances ⁽ⁱⁱ⁾ | 7,752 | 6,800 |
| Civil Legal Aid Scheme Advances ⁽ⁱⁱⁱ⁾ | 1,551 | 1,481 |
| Trade and other debtors | 124 | 104 |
| | 17,400 | 16,211 |
| Less: Allowance for impairment | (78) | (245) |
| | 17,322 | 15,966 |

Impairment

| | | |
|---|-------------|--------------|
| Allowance for impairment as at 1 July | (245) | (147) |
| Decrease / (Increase) in allowance for impairment | 167 | (98) |
| Allowance for impairment as at 30 June | (78) | (245) |

(i) This relates to predominantly progress billings of non-finalised legal files as well as general accrual of client fees and charges. This amount is current and no impairment loss is recognised in respect of expected credit losses.

(ii) This relates to overdrawn balances of the Public Trustees' clients which arise from time to time and are expected to clear as funds become available. This amount is considered as current with no expected credit loss.

(iii) This relates to amounts advanced to the Civil Law Legal Aid Scheme to fund legal files on an ongoing basis as part of the Public Trustee's community service obligations. Funds recovered by the scheme are returned to the Public Trustee with any unrecoverable funds written off as they arise. No due date applies to this receivable but credit loss is expected.

Accounting Policy – Receivables

Receivables are measured at amortised cost which approximates their fair value at reporting date.

Receivables are recognised at the amounts due at the time of sale or service delivery. Settlement of these amounts is usually required within 30 days from invoice date.

Disclosure – Credit Risk Exposure

The maximum exposure to credit risk at balance date for receivables is the gross carrying amount of those assets after provision for impairment.

No collateral is held as security and no credit enhancements relate to receivables held by the Public Trustee.

All receivables are within terms and expected to be fully collectible are considered of good credit quality based on recent collection history.

All known bad debts have been written-off as at 30 June 2019.

Beginning 1 July 2018, the Public Trustee has recognised impairment losses in respect of its receivables in accordance with the new impairment model under AASB 9 *Financial Instruments*.

The Public Trustee of Queensland

Notes to the Financial Statements
Year Ended 30 June 2019

9. Receivables (Continued)

Accounting Policy – Impairment of receivables

The loss allowance for receivables reflects lifetime expected credit losses and incorporates reasonable and supportable forward-looking information.

Where the Public Trustee has no reasonable expectation of recovering an amount owed by a debtor, the debt is written-off by directly reducing the receivable against the loss allowance. If the amount of debt written off exceeds the loss allowance, the excess is recognised as an impairment loss.

The amount of impairment losses recognised for receivables is disclosed below:

| Aging | 2019 | | | | 2018 | | |
|---|-----------------------------|----------------|----------------------------------|---------------------------|-----------------------------|--------------------------------|---------------------------|
| | Gross Receivables \$'000 | Loss Rate % | Expected Credit Losses \$'000 | Carrying Amount \$'000 | Gross Receivables \$'000 | Impairment Allowance \$'000 | Carrying Amount \$'000 |
| Receivables with no due date and expected credit loss | 15,479 | 0% | - | 15,479 | 14,406 | - | 14,406 |
| Civil Legal Aid Scheme | 1,551 | 5% | (78) | 1,473 | 1,481 | (153) | 1,328 |
| Trade & Other Debtors | | | | | | | |
| Current | 190 | 0% | - | 190 | 116 | - | 116 |
| 31-60 days | 33 | 0% | - | 33 | 40 | - | 40 |
| 61-90 days | 42 | 0% | - | 42 | 9 | - | 9 |
| >90 days | 75 | 0% | - | 75 | 121 | (54) | 67 |
| >365 days | 30 | 0% | - | 30 | 38 | (38) | - |
| Total | 17,400 | | (78) | 17,322 | 16,211 | (245) | 15,966 |

10. Other Financial Assets

| | 2019 \$'000 | 2018 \$'000 | Accounting Policy – Other Financial Assets |
|--|-----------------------|-----------------------|---|
| Current | | | Classification |
| <i>Financial Assets at Fair Value through Profit or Loss (FVPL)</i> | | | In accordance with AASB 9 <i>Financial Instruments</i> , financial assets are categorised into one of three measurement bases - Amortised Cost, Fair Value through Other Comprehensive Income (FVOCI) or Fair Value through Profit or Loss (FVTPL). |
| QIC unit trust | 3,087 | 43,394 | The classification is based on two criteria: |
| | <u>3,087</u> | <u>43,394</u> | <ul style="list-style-type: none"> whether the financial asset's contractual cash flows represent 'solely payments of principal and interest'; and the Public Trustee's business model for managing the assets. |
| <i>Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)</i> | | | |
| Semi-government securities | 120,294 | 115,496 | |
| Corporate bonds | 161,755 | 131,333 | |
| Corporate notes | 153,280 | 151,618 | |
| | <u>435,329</u> | <u>398,447</u> | |
| <i>Financial Assets at Amortised Cost</i> | | | |
| Fixed rate deposits | 46,302 | 77,011 | |
| Floating rate deposits | 10,058 | 15,083 | |
| | <u>56,360</u> | <u>92,094</u> | |
| | <u>494,776</u> | <u>533,935</u> | |
| Non-Current | | | |
| <i>Financial Assets at Amortised Cost</i> | | | |
| Fixed rate deposits | 152,533 | 137,481 | |
| Floating rate deposits | 18,029 | 28,099 | |
| | <u>170,562</u> | <u>165,580</u> | |

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

10. Other Financial Assets (Continued)

Accounting Policy – Other Financial Assets (Continued)

Classification and Measurement

(i) Financial Assets at Fair Value through Profit or Loss (FVPL)

The Public Trustee's investments in the QIC Cash Enhanced Fund were classified as available-for-sale under AASB 139 *Financial Instruments: Recognition and Measurement* as at 30 June 2018.

Beginning 1 July 2018, this asset has been categorised and measured at FVPL under AASB 9 *Financial Instruments* as it is an equity instrument held for sale that is within the scope of AASB 9.

Any change in the fair value of a financial asset classified and measured at FVPL is recognised in the profit or loss. Interest income is also recognised in profit or loss using the effective interest method.

(ii) Financial Assets at Fair Value through Other Comprehensive Income (FVOCI)

The Public Trustee's investments in bonds and floating notes were categorised as available-for-sale under AASB 139 *Financial Instruments: Recognition and Measurement* as at 30 June 2018. Beginning 1 July 2018, these investments have been categorised and measured at FVOCI under AASB 9 *Financial Instruments* as they are held by the Public Trustee for the purpose of both selling and collecting contractual cash flows and the collection of the contractual cash flows are solely payments of principal and interest.

Any change in the fair value of a financial asset classified and measured at FVOCI is recognised in equity. Realised gains/losses recognised in equity are transferred to the profit or loss on de-recognition of the asset. Interest income is recognised in the profit or loss using the effective interest method.

(iii) Financial Assets at Amortised Cost

The Public Trustee's investments in fixed and floating term deposits were classified as held-to-maturity financial assets at 30 June 2018 (under AASB 139) and were measured at fair value. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

Financial assets at amortised cost are measured at the initial recognition amount less any allowance for impairment. Any change in the fair value is recognised in the profit or loss when the asset is derecognised or reclassified. Interest income is recognised in profit or loss using the effective interest method.

De-recognition

Financial assets are derecognised when the right to receive cash flows from the investments have expired or the Public Trustee has transferred substantially all risks and rewards of ownership.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

11. Property, Plant and Equipment

Held For Sale

| | 2019 \$'000 | 2018 \$'000 |
|----------|----------------|----------------|
| Land | 965 | 1,453 |
| Building | 135 | 532 |
| | 1,100 | 1,985 |

Accounting Policy – Property, Plant and Equipment Held For Sale

Property, Plant and Equipment assets held for sale consist of those assets that management has determined are available for immediate sale in their present condition, for which their sale is highly probable within the next twelve months.

Disclosure

During the last financial year, the Public Trustee Investment Board recommended the sale of three office properties in Ipswich, Maryborough and Townsville. The Maryborough property was successfully sold during this financial year with two properties in Ipswich and Townsville remaining on the market for reasons beyond the Public Trustee's control. The Public Trustee remains committed to its plan to sell the properties within the next twelve months.

Under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*, when an asset is classified as held for sale, its value is measured at the lower of the asset's carrying amount and fair value less costs to sell. Any restatement of the asset's value to fair value less costs to sell is a non-recurring valuation. Such assets are no longer amortised or depreciated upon being classified as held for sale.

At reporting date, the above assets have been remeasured at the lower of carrying amount (\$1,568,431) and fair value less costs to sell (\$1,092,998). A write-down of \$290,899 was recorded in respect of the Townsville property due to flood damages and an impairment of \$184,534 was also recognised in relation to the land in Ipswich as a result of unfavourable market conditions.

Non-current

Balances and reconciliations of carrying amount

| 30 June 2019 | Land (FV) \$'000 | Buildings (FV) \$'000 | Building (at cost) \$'000 | Leasehold Improvement \$'000 | Plant and Equipment \$'000 | Work In Progress \$'000 | Total \$'000 |
|---|------------------------|-----------------------------|---------------------------------|------------------------------------|----------------------------------|-------------------------------|-----------------|
| Gross | 20,780 | 24,237 | - | 2,674 | 8,404 | 943 | 57,037 |
| Less Accumulated Depreciation and Impairment Loss | - | (1,057) | - | (66) | (4,614) | - | (5,737) |
| Carrying amount at 30 June 2019 | 20,780 | 23,180 | - | 2,608 | 3,790 | 943 | 51,301 |
| Carrying amount at 1 July 2018 | 18,651 | 13,761 | 2,484 | - | 4,532 | 730 | 40,158 |
| Acquisitions | - | 7 | - | - | 18 | 1,239 | 1,264 |
| Disposals | - | (80) | - | - | (24) | - | (104) |
| Depreciation | - | (1,569) | (74) | (66) | (659) | - | (2,368) |
| Asset reclassified ⁱ | - | 2,410 | (2,410) | - | - | - | - |
| Transfers between asset classes ⁱⁱ | - | (1,721) | - | 2,674 | 73 | (1,026) | - |
| Net revaluation increment | 2,129 | 10,372 | - | - | - | - | 12,501 |
| Impairment Loss ⁱⁱⁱ | - | - | - | - | (150) | - | (150) |
| Carrying amount at 30 June 2019 | 20,780 | 23,180 | - | 2,608 | 3,790 | 943 | 51,301 |

i. This asset has been revalued at fair value using the current replacement cost approach this financial year.

ii. This includes the reclassification of building fit outs relating to business premises leased by the Public Trustee from Buildings to Leasehold Improvement this financial year.

iii. This relates to various IT equipment which have been impaired due to reduced service potential.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

11. Property, Plant and Equipment (Continued)

Balances and reconciliations of carrying amount

| 30 June 2018 | Land (FV) \$'000 | Buildings (FV) \$'000 | Building (at cost) \$'000 | Plant and Equipment \$'000 | Work In Progress \$'000 | Total \$'000 |
|--|------------------------|-----------------------------|---------------------------------|----------------------------------|-------------------------------|-----------------|
| Gross | 20,104 | 15,485 | 3,040 | 8,401 | 730 | 47,760 |
| Less Accumulated Depreciation | - | (1,724) | (556) | (3,869) | - | (6,149) |
| Less Transfer to held-for-sale | (1,453) | - | - | - | - | (1,453) |
| Carrying amount at 30 June 2018 | 18,651 | 13,761 | 2,484 | 4,532 | 730 | 40,158 |
| Carrying amount at 1 July 2017 | 20,103 | 11,071 | 2,576 | 4,914 | 587 | 39,251 |
| Acquisitions | - | - | - | 112 | 4,349 | 4,461 |
| Disposals | - | (116) | - | (30) | - | (146) |
| Depreciation | - | (1,089) | (92) | (840) | - | (2,021) |
| Transfers between asset classes | - | 3,775 | - | 431 | (4,206) | - |
| Transfer to Asset held-for-sale | (1,452) | (478) | - | (55) | - | (1,985) |
| Net revaluation increment | - | 598 | - | - | - | 598 |
| Carrying amount at 30 June 2018 | 18,651 | 13,761 | 2,484 | 4,532 | 730 | 40,158 |

Disclosure – Land and Buildings

The Queensland Public Sector Non-Current Asset Policy (NCAP) requires that all land and buildings to be recorded at fair value. Accordingly, it is the policy of the Public Trustee that a revaluation of land and buildings be performed every three years.

A comprehensive revaluation of land and building was undertaken in 2018-19 by external independent valuers and they were last revalued in 2015-16.

Valuation Approaches

In determining fair value, NCAP prescribes the following revaluation methods with reference to an asset's highest and best use:

- i. Income approach (where the highest and best use is primarily dependent on the asset's ability to generate net cash inflows).

The Income based approach was adopted by the Public Trustee this financial year for all properties with the exception of a property in Southport using the market based approach and a purpose built storage facility in Brendale using the current replacement cost approach.

Utilising the income based approach, the Public Trustee's properties have been fair valued on an in use basis, assuming a notional lease to the Public Trustee on market terms and conditions or by reconciliation of the capitalisation of income and direct comparison approaches. Land and buildings valued under this approach have been classified as level 2.

- ii. Market approach (where observable data for similar assets is available, that data is likely to represent the best indicator of the asset's fair value).

The Public Trustee has an office building in Southport and the valuation for this building was a market assessment based on publicly available data on sales of similar properties in nearby localities in the last twelve months prior to the date of revaluation. Based on recent development in surrounding streets, it has been determined that the highest and best use of the site is as a redevelopment site with holding income and the improvements only adding nominal value to the land. Therefore, the fair value of this property reflects its estimated selling price, as is, to a property developer. This revaluation approach is consistent with the approach adopted in the prior revaluation of 2015-16. The land and building components of this property is classified as level 2.

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11. Property, Plant and Equipment (Continued)

Disclosure – Land and Buildings (Continued)

Valuation Approaches (Continued)

- iii. Cost approach (current replacement cost) reflecting the cost to acquire the service potential embodied in an asset, adjusted to reflect the asset's current condition/physical deterioration, functionality and economic obsolescence.

The Public Trustee has valued a purpose-built storage facility in Brendale using the replacement cost approach as there is no active market for such facilities in its current form. The replacement cost was based on a combination of internal records of the original cost of the specialised fit out, adjusted for more contemporary design/construction approaches and published construction rates. Significant judgement is also used to assess the remaining service potential of the facility, given local climatic and environmental conditions and records of the current condition of the facility. The building on this property has been classified as level 3 as its fair value measurement is substantially derived from unobservable inputs.

Based on the total assessed property value (including land and buildings) utilising the above valuation approaches, subsequent apportionments of the total value of the properties between land and buildings were applied by the valuers to determine the value for the land and building components.

Accounting Policy - Recognition

Items of property, plant and equipment with a historical cost or other value equal to or exceeding the following thresholds in the year of acquisition are reported as property, plant and equipment as follows:

| Class | Land | Buildings | Plant and Equipment |
|-----------------------|-------------|------------------|----------------------------|
| Recognition threshold | \$1 | \$10,000 | \$5,000 |
| Useful life | Unlimited | 5 – 85 years | 2 – 39 years |

Expenditure on property, plant and equipment is capitalised where it is probable that the expenditure will produce future service potential for the corporation. Subsequent expenditure is only added to an asset's carrying amount if it increases the service potential or useful life of that asset. Maintenance expenditure that merely restores original service potential (lost through ordinary wear and tear) is expensed.

Accounting Policy - Cost of Acquisition

Items of property, plant and equipment with a cost greater than the recognition threshold are capitalised. Items below the recognition threshold are expensed in the year of acquisition.

Property, plant and equipment are initially recorded at cost on acquisition. Cost is determined as the value given as consideration plus costs incidental to the acquisition, including all other costs incurred in getting the assets ready for use, including architects' fees and engineering design fees.

Accounting Policy - Depreciation

Land is not depreciated as it has an unlimited useful life. Buildings, plant and equipment are depreciated on a straight-line basis so as to allocate the net cost or revalued amount of each asset, less its estimated residual value, progressively over its estimated useful life to the Public Trustee.

Straight-line depreciation is used as that is consistent with the even consumption of service potential of these assets over their useful life to the corporation.

11. Property, Plant and Equipment (Continued)

Accounting Policy - Depreciation (Continued)

Any expenditure that increases the originally assessed capacity or service potential of an asset is capitalised and the new depreciable amount is depreciated over the remaining useful life of the asset.

Assets under construction (work-in-progress) are capitalised progressively and are not depreciated until they reach service delivery capacity. Service delivery capacity relates to when construction is complete and the asset is first put to use or is installed ready for use in accordance with its intended application. These assets are then reclassified to the relevant classes within property, plant and equipment.

Accounting Policy - Revaluations

Land and buildings are measured at fair value in accordance with AASB 116 *Property, Plant and Equipment*, AASB 13 *Fair Value Measurement* and Queensland Treasury's *NCAP*. These assets are reported at their revalued amounts, being their fair value at the date of valuation, less any subsequent accumulated depreciation and impairment losses where applicable.

Use of Specific Appraisals

Land and buildings are comprehensively revalued at least once every three years. However, if a particular asset class experiences significant and volatile changes in fair value, that class is subject to specific appraisal in the reporting period, where practicable, regardless of the timing of the last specific appraisal.

Materiality is considered in determining whether the difference between the carrying amount and the fair value of an asset is material (in which case revaluation is warranted).

Accounting for Changes in Fair Value

Any revaluation increment arising on the revaluation of an asset class is credited to the asset revaluation surplus of the appropriate class, except to the extent that it reverses a revaluation decrement for the class previously recognised as an expense. A decrease in the carrying amount on revaluation is charged as an expense, to the extent it exceeds the balance, if any, in the revaluation surplus relating to that asset class.

For assets revalued using a cost valuation approach (e.g. current replacement cost) - accumulated depreciation is adjusted to equal the difference between the gross amount and carrying amount, after taking into account accumulated impairment losses. This is generally referred to as the 'gross method'.

For assets revalued using a market or income-based valuation approach - accumulated depreciation and accumulated impairment losses are eliminated against the gross amount of the asset prior to restating for the revaluation. This is generally referred to as the 'net method'.

Accounting Policy - Impairment Assessment

All non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of possible impairment exists, the Public Trustee determines the asset's recoverable amount being the higher of the asset's fair value less costs to sell and current replacement cost. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss and recognised immediately in the statement of comprehensive income, unless the asset is carried at a revalued amount. When the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus of the relevant class to the extent available.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

12. Deposits Held In Trust

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Deceased estates | 172,456 | 172,932 |
| Financial management | 316,565 | 318,697 |
| Minors, general and testamentary trusts | 221,851 | 213,532 |
| Other | 26,172 | 30,466 |
| | <u>737,044</u> | <u>735,627</u> |

Accounting Policy – Interest Expense

The Public Trustee pays interest on deposits held in trust on behalf of clients within the Common Fund. Interest is calculated based on the daily closing balance of moneys held and is either paid monthly or annually on 30 June each year depending on the account. The rates of interest payable on moneys held in trust are determined from time to time under Section 9 of the *Public Trustee Regulation 2012*.

13. Accrued Employee Benefits

| | 2019 \$'000 | 2018 \$'000 |
|--|----------------|----------------|
| Current | | |
| Wages outstanding | 1,280 | 932 |
| Annual leave | 5,235 | 5,055 |
| Paid parental leave | 6 | 15 |
| Long service leave | 8,817 | 8,481 |
| | <u>15,338</u> | <u>14,483</u> |
| Non-Current | | |
| Long service leave | 1,254 | 1,064 |
| | <u>1,254</u> | <u>1,064</u> |
| Total Accrued Employee Benefits | <u>16,592</u> | <u>15,547</u> |

Accounting Policy – Deposits Held In Trust

The Public Trustee holds funds on behalf of clients in cash and cash equivalents (Note 8) and other financial assets (Note 10) within the Common Fund. These amounts are presented on gross basis in the statement of financial position.

Accordingly, the Public Trustee also recognises in its statement of financial position, a corresponding financial liability representing these transactions and balances held in trust for its clients.

Deposits held in trust are classified as current liabilities as they are available at call.

Accounting Policy - Annual Leave

Liabilities for annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised and measured at the amounts expected to be paid when the liabilities are settled.

Accounting Policy - Long Service Leave

Unconditional long service leave entitlement accorded to employees with more than 7 years of continuous service that is expected to be paid within the next 12 months is recognised at its undiscounted value and disclosed as current.

Other conditional long service leave entitlement is classified as non-current and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. When assessing expected future payments, consideration is given to potential future wage and salary increases and experience of employee departures and periods of service. An assumption of 2.5% (2018: 2.5%) per annum has been utilised for this purpose. Expected future payments are discounted using rates attaching to, as at the reporting date, Commonwealth Government guaranteed securities with terms and currencies that match as closely as possible, the estimated future cash flows.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

14. Asset Revaluation Surplus

Accounting Policy

The asset revaluation surplus represents the net effect of upwards and downwards revaluations of assets to fair value.

Asset Revaluation Surplus by Asset Class

| 2019 | Land \$'000 | Buildings \$'000 | Total \$'000 |
|--------------------------------|------------------------|-----------------------------|-------------------------|
| Balance at 1 July 2018 | 14,593 | 11,740 | 26,333 |
| Revaluation increments | 2,129 | 10,372 | 12,501 |
| Balance at 30 June 2019 | 16,722 | 22,112 | 38,834 |

| 2018 | Land \$'000 | Buildings \$'000 | Total \$'000 |
|--------------------------------|------------------------|-----------------------------|-------------------------|
| Balance at 1 July 2017 | 14,593 | 11,142 | 25,735 |
| Revaluation increments | - | 598 | 598 |
| Balance at 30 June 2018 | 14,593 | 11,740 | 26,333 |

15. Accumulated Surplus

The Public Trustee does not formally account for additional reserves but internal allocations are provided for capital support and income stabilisation. These allocations are held within Accumulated Surplus and the funds invested in line with the Public Trustee's approved investment strategy, and are recorded across cash, financial assets and property. The basis for these allocations is as follows:

i. Capital support allocation

As the capital within the Public Trustee's Common Fund carries a Government Guarantee, a *capital support allocation* has been established to support the capital guarantee on the liabilities of the Public Trustee. The allocation is calculated based on a 2% movement in interest rates across the yield curve for all maturities, assuming a maximum modified duration of 2.31% (2018: 2.23%). Current allocation \$33.7m (2018: \$32.8m).

ii. Income stabilisation allocation

In order to minimise the mismatch between yield on the investment portfolio of the Common Fund and the return paid to clients during periods of interest rate volatility, an *income stabilisation allocation* has been established. The allocation is based on an increase of 2% movement in interest rates based on current liabilities over a two year period. Current allocation \$29.2m (2018: \$29.4m).

The balance of the Accumulated Surplus relates to general reserves and are maintained to support the sustainability of the Public Trustee's ongoing operations.

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

16. Fair Value Measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in a transaction between market participants at the measurement date under current market conditions regardless of whether that price is directly derived from observable inputs or estimated using another valuation technique.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/ liabilities being valued.

Unobservable inputs are data, assumptions and judgements that are not available publicly, but are relevant to the characteristics of the assets/liabilities being valued. Significant unobservable inputs used by the Public Trustee include (but not limited to) subjective adjustments made to observable data to take into account the characteristics of the assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for the assets, and assessments of physical condition and remaining useful life. Unobservable inputs are used to the extent that sufficient relevant and reliable observable inputs are not available for similar assets/liabilities. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use.

All assets and liabilities of the Public Trustee for which fair value is measured or disclosed in the financial statements are categorised within the following fair value hierarchy, based on the data and assumptions used in the most recent specific appraisals:

- Level 1 – represents fair value measurements that reflect unadjusted quoted market prices in active markets for identical assets and liabilities;
- Level 2 – represents fair value measurements that are substantially derived from inputs (other than quoted prices included within level 1) that are observable, either directly or indirectly; and
- Level 3 – represents fair value measurements that are substantially derived from unobservable inputs.

The table below sets out the Public Trustee's other financial assets (by class) measured at fair value according to the fair value hierarchy at 30 June 2019 and 30 June 2018.

| | Level 1 | | Level 2 | | Total | |
|----------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 | 2019 \$'000 | 2018 \$'000 |
| Cash – at call deposits | 243,336 | 193,961 | - | - | 243,336 | 193,961 |
| QIC unit trust | - | - | 3,087 | 43,394 | 3,087 | 43,394 |
| Semi-government securities | 120,294 | 115,496 | - | - | 120,294 | 115,496 |
| Corporate bonds | 161,755 | 131,333 | - | - | 161,755 | 131,333 |
| Corporate notes | 153,280 | 151,618 | - | - | 153,280 | 151,618 |
| Fixed rate deposits | - | - | 198,835 | 214,492 | 198,835 | 214,492 |
| Floating rate deposits | - | - | 28,087 | 43,182 | 28,087 | 43,182 |
| | 678,665 | 592,408 | 230,009 | 301,068 | 908,674 | 893,476 |

Note 11 outlines the methods of determination of fair values for the Public Trustee's land and buildings.

There was no transfer of financial assets between fair value hierarchy levels during the period.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

17. Commitments

(a) Non-cancellable operating lease commitments

Commitments under operating leases at reporting date are payable as follows:

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Not later than one year | 910 | 791 |
| Later than one year and not later than five years | 2,040 | 2,553 |
| Later than five years | 1,043 | 586 |
| | 3,993 | 3,930 |

The above operating leases are office accommodation for the Public Trustee.

(b) Capital expenditure commitments

Commitments for capital expenditure at reporting date are payable as follows:

| | 2019 | 2018 |
|-------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Not later than one year | 316 | 553 |
| | 316 | 553 |

(c) Contribution commitments

Contribution commitments payable to the Office of the Public Guardian at reporting date are as follows:

| | 2019 | 2018 |
|-------------------------|---------------|---------------|
| | \$'000 | \$'000 |
| Not later than one year | 1,181 | 1,144 |
| | 1,181 | 1,144 |

The above contribution commitment is ongoing with no end date. As such, the Public Trustee is unable to disclose the total amount payable beyond one year.

18. Contingent Liabilities

Litigation in progress

As at 30 June 2019, the Public Trustee was a party to the following litigations and hearings in progress.

| | 2019 | 2018 |
|--|-----------------|-----------------|
| | Number | Number |
| | of cases | of cases |
| Supreme Court of Queensland | - | 1 |
| District Court of Queensland | - | 2 |
| Queensland Civil and Administrative Tribunal | 1 | - |
| Total | 1 | 3 |

As at 30 June 2019, the Public Trustee has received notification of 11 other matters (2018: 21) that are not yet subject to court action. These cases may result in subsequent litigation. The Public Trustee is insured in relation to claims of negligence and is required to contribute a maximum of \$100,000 per claim paid.

Given the uncertain nature of these matters, the Public Trustee's legal advisers and management believe it is not appropriate to estimate and provide for the final settlement amount (if any) in relation to these claims.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

19. Financial Risks Disclosures

(a) Financial Instrument Categories

Financial assets and financial liabilities are recognised in the statement of financial position when the Public Trustee becomes party to the contractual provisions of the financial instrument.

The Public Trustee has the following categories of financial assets and financial liabilities:

| | Note | 2019 \$'000 | 2018 \$'000 |
|------------------------------------|------|----------------|----------------|
| Financial Assets | | | |
| Cash and cash equivalents | 8 | 246,617 | 196,949 |
| Receivables | 9 | 17,322 | 15,966 |
| Other financial assets | 10 | 665,338 | 699,515 |
| Total Financial Assets | | 929,277 | 912,430 |
| Financial Liabilities | | | |
| Deposits held in trust | 12 | 737,044 | 735,627 |
| Payables | | 4,159 | 1,901 |
| Total Financial Liabilities | | 741,203 | 737,528 |

No financial assets and financial liabilities have been offset and presented net in the statement of financial position.

(b) Financial Risks Management

(i) Risk Exposure

The Public Trustee's activities expose it to a variety of financial risks as set out in the following table:

| Risk Exposure | Definition | Exposure |
|----------------|---|--|
| Credit Risk | Credit risk exposure refers to the risk that the Public Trustee may incur financial loss as a result of another party to a financial instrument failing to discharge their obligation. | The Public Trustee is exposed to credit risk in respect of its receivables and other financial assets. |
| Liquidity Risk | Liquidity risk refers to the risk that the Public Trustee may encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. | The Public Trustee is exposed to liquidity risk in respect of its payables, other financial assets and deposits held in trust. |
| Market Risk | The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. | The Public Trustee does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices. The organisation is exposed to interest rate risk through its cash deposited in interest bearing accounts, holding of financial assets and interest payable on deposits held in trust. |

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

19. Financial Risks Disclosures (Continued)

(b) Financial Risks Management (Continued)

(ii) Risk Management Strategies

All financial risk is managed by the Investment Services Program under policies approved by the Public Trust Office Investment Board (Investment Board). The Investment Board approves written policies in respect of credit risk, liquidity risk and market risk. The Public Trustee's risk management program focuses on ensuring compliance with the overall risk management framework set by the Investment Board and seeks to maximise the returns derived for prudent levels of risk.

The performance of investments is monitored by the Investment Board on a monthly basis. The Investment Board monitors financial risks using a variety of methods as follows:

| Risk Exposure | Measurement Method | Risk Management Strategies |
|----------------|--|---|
| Credit Risk | <ul style="list-style-type: none"> Credit rating Ageing analysis | <ul style="list-style-type: none"> Monitoring of counterparty credit ratings Diversification and careful selection of securities and counterparties |
| Liquidity Risk | <ul style="list-style-type: none"> Sensitivity analysis | <ul style="list-style-type: none"> A minimum of 5% of the investments of the Common Fund must be held in investment vehicles that may be liquidated and funds received by the end of the next business day Maturity analysis Assessments of performance versus benchmark |
| Market Risk | <ul style="list-style-type: none"> Interest rate sensitivity analysis | <ul style="list-style-type: none"> The volatility of the market risk is reduced as the Public Trustee does not undertake any hedging activities, foreign exchange exposures or enter into derivative financial instruments for speculative purposes Continual monitoring of current and expected changes in economic conditions Monitoring the duration of the portfolio |

Management of the Public Trustee's Investment Services Program has been given the discretionary authority to manage the assets of the Common Fund in line with the Public Trustee's investment objectives. As part of the Investment Board's annual review of its investment strategy, a strategic asset allocation for the Common Fund of 60% cash and 40% Australian fixed interest continues to be appropriate.

Benchmarks are set for the Common Fund. The benchmark for the cash component of the Common Fund is the Bloomberg AusBond Bank Bill Index and the benchmark for the Australian fixed interest component is the Bloomberg AusBond Composite 0.10 Years Index.

The following operating limits apply for the management of such assets:

| Common Fund | Operating Range | |
|--------------------|-----------------------|-----------------------|
| | Lower Limit | Upper Limit |
| At portfolio level | Benchmark - 0.5 years | Benchmark + 0.5 years |

In instances where the portfolio diverges from authorised limits and ranges, the Public Trustee is obliged to take actions to rebalance the portfolio in line with authorised limits and ranges, within prescribed time limits.

(c) Credit Risk

The Public Trustee is exposed to credit risk. Credit risk relates to the likelihood of default and the scale of losses arising from any default. The Common Fund Credit Policy seeks to minimise the likelihood of default and likely losses from any default.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

19. Financial Risks Disclosures (Continued)

(c) Credit Risk (Continued)

Specifically, the Credit Policy seeks to minimise the following three main types of credit risk:

- default risk – the risk that an issuer of a security fails to make timely payments of principal and interest;
- credit spread risk – the risk that the yield on a bond rises by more than general market yields thus causing a relative decline in the market value of the affected bond; and
- credit ratings transition risk – the risk that the credit rating of an individual bond is downgraded, thereby potentially causing the yield on the affected bond to rise and the market value to fall.

In accordance with the Public Trustee's policy, the credit positions are monitored on a daily basis and the Investment Board reviews it on a monthly basis. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

(i) Cash and cash equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of 'BBB+' (as determined by Standard and Poor's) or higher.

(ii) QIC unit trust (FVPL)

The credit risk arising on investments in unlisted unit trusts is mitigated by investing with managers who are well recognised and have a proven track record of delivering on their stated investment objectives. The Investment Manager at the unlisted unit trust level carries out extensive due diligence on any proposed manager prior to making an investment and continual monitoring of the Investment Manager by the Public Trustee is also carried out on an ongoing basis.

(iii) Debt securities and Deposits – fixed and floating rates

An analysis of the Public Trustee's exposure to credit risk by asset category and credit rating as determined by Standard and Poor's is set out in the table below:

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| <i><u>Debt securities - fixed and floating rate</u></i> | | |
| Semi-government bonds fixed interest debt securities | | |
| 'AA+' credit rating | 118,700 | 88,728 |
| 'AA' credit rating | - | 25,279 |
| 'Aa3' Moody's credit rating | 1,595 | 1,489 |
| Corporate fixed rate bonds | | |
| 'AAA' credit rating | 81,649 | 21,215 |
| 'AA-' credit rating | 80,106 | 110,118 |
| Corporate floating rate notes | | |
| 'AAA' credit rating | 59,024 | 3,820 |
| 'AA-' credit rating | 94,255 | 126,691 |
| 'A' credit rating | - | 21,107 |
| | 435,329 | 398,447 |
| <i><u>Deposits – fixed and floating rate</u></i> | | |
| 'AAA' credit rating | 21,058 | 5,009 |
| 'AA-' credit rating | 200,858 | 252,665 |
| 'A-' credit rating | 5,006 | - |
| | 226,922 | 257,674 |

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

19. Financial Risks Disclosures (Continued)

(d) Liquidity Risk

The Public Trustee is exposed to liquidity risk in respect of its payables and through its administration and management of amounts held in trust on behalf of clients.

The Public Trustee has a policy on having a minimum of 5% of assets in a form able to be liquidated within 24 hours and manages liquidity risk through the use of a liquidity management strategy which aims to reduce the exposure to liquidity risk by ensuring the organisation has sufficient funds available to meet its obligations as they fall due.

This is achieved by ensuring that minimum levels of cash are held within the Common Fund to match the contractual maturities of liabilities and that investment portfolio positionings are taken based on the expected payout profile and circumstances of the client.

It is important to note that whilst Deposits held in trust (Note 12) are disclosed as current liabilities consistent with the classification in the statement of financial position (as they are available at call), the expected payout profile of these amounts are much longer dated based on historic trends.

| 30 June 2019 | Expected Durations | | | | Total \$'000 |
|------------------------------|--------------------|-----------------------|-----------------------|----------------------|-----------------|
| | < 1 year \$'000 | 1 – 2 years \$'000 | 2 – 3 years \$'000 | 3- 5 years \$'000 | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 246,617 | - | - | - | 246,617 |
| Receivables | 17,322 | - | - | - | 17,322 |
| Other financial assets | 494,776 | 63,918 | 32,758 | 73,886 | 665,338 |
| Total | 758,715 | 63,918 | 32,758 | 73,886 | 929,277 |
| Financial Liabilities | | | | | |
| Deposits held in trust | 737,044 | - | - | - | 737,044 |
| Payables | 4,159 | - | - | - | 4,159 |
| Total | 741,203 | - | - | - | 741,203 |

| 30 June 2018 | Expected Durations | | | | Total \$'000 |
|------------------------------|--------------------|-----------------------|-----------------------|----------------------|-----------------|
| | < 1 year \$'000 | 1 – 2 years \$'000 | 2 – 3 years \$'000 | 3- 5 years \$'000 | |
| Financial Assets | | | | | |
| Cash and cash equivalents | 196,949 | - | - | - | 196,949 |
| Other financial assets | 533,935 | 30,302 | 43,872 | 91,406 | 699,515 |
| Total | 730,884 | 30,302 | 43,872 | 91,406 | 896,464 |
| Financial Liabilities | | | | | |
| Deposits held in trust | 735,627 | - | - | - | 735,627 |
| Payables | 1,901 | - | - | - | 1,901 |
| Total | 737,528 | - | - | - | 737,528 |

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19. Financial Risks Disclosures (Continued)

(e) Market Risk

The Public Trustee's interest bearing financial assets and liabilities expose it to risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows.

The Investment Board reviews the investment strategy of the Common Fund against the objectives on an annual basis. The objectives include the management of interest rate risk attributable to interest payable and interest receivable. Further, the Public Trustee, in consultation with the Investment Board reviews "*interest rates payable on moneys held in the Common Fund*" on a monthly basis. The interest rates are prescribed by Regulation, upon recommendation of the Public Trustee, based on a number of market factors. The interest rates are based on market factors and indirectly subject to external interest rate risk and have been included in the net change of comprehensive income and other components of equity.

The following table summarises the impact on the Public Trustee's comprehensive income for the year and on equity through changes in fair value or changes in future cash flows. The changes in fair values are based on the assumption that interest rates change by +/- 50 basis points, based on the modified duration of the relevant financial assets at the end of the reporting period with all other variables held constant. The impact mainly arises from changes in the fair value of fixed interest debt securities.

| | 2019 | 2018 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Interest rate change +50 basis points | | |
| Impact on Operating Result | (5,031) | (4,615) |
| Impact on Equity | (5,031) | (4,615) |
| Interest rate change -50 basis points | | |
| Impact on Operating Result | 5,539 | 4,531 |
| Impact on Equity | 5,539 | 4,531 |

The 50 basis points change in interest rates has been determined on management's best estimate, having regard to historical movements of changes in interest rates, current economic indicators and is not necessarily indicative of the effect on comprehensive income or equity of future movements in interest rates.

20. Events Occurring After the Reporting Period

There are no other matters or circumstances which have arisen since the end of the reporting period that have significantly affected or may significantly affect the operations of the Public Trustee, the results of those operations, or the state of affairs of the Public Trustee in future years.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

21. Budget to Actual Comparison

This section discloses the Public Trustee's original published budgeted figures for 2018-19 compared to actual results, with explanations of major variances, in respect of the Public Trustee's statement of comprehensive income, statement of financial position and statement of cash flows.

| Statement of Comprehensive Income | Variance Notes | Original Budget 2019 \$'000 | Actual 2019 \$'000 | Variance 2019 \$'000 |
|--|---------------------------|--|-----------------------------------|-------------------------------------|
| Revenue | | | | |
| Fees | 1 | 59,502 | 61,783 | 2,281 |
| Interest revenue | | 27,139 | 27,604 | 465 |
| Other revenue | | 5,156 | 4,127 | (1,029) |
| Total Revenue | | 91,797 | 93,514 | 1,717 |
| Expenses | | | | |
| Employee expenses | 2 | 57,356 | 56,048 | 1,308 |
| Supplies and services | 3 | 21,955 | 20,285 | 1,670 |
| Depreciation and amortisation | | 2,486 | 2,572 | (86) |
| Interest expense | 4 | 10,943 | 11,980 | (1,037) |
| Contributions | | 1,517 | 1,406 | 111 |
| Other expenses | | 1,105 | 2,013 | (908) |
| Total Expenses | | 95,362 | 94,304 | 1,058 |
| Operating Result | | (3,565) | (790) | 2,775 |
| Other Comprehensive Income | | | | |
| <u>Items that will not be reclassified to Operating Result</u> | | | | |
| Increase in asset revaluation surplus | | - | 12,501 | 12,501 |
| <u>Items that will be reclassified to Operating Result</u> | | | | |
| Net gain on financial assets at FVOCI | | - | 10,690 | 10,690 |
| Total Other Comprehensive Income | | - | 23,191 | 23,191 |
| Total Comprehensive Income | | (3,565) | 22,401 | 25,966 |

Explanations of Major Variances - Statement of Comprehensive Income

V1. Fees are favourable to budget mainly due to higher fees generated from professional and other services.

V2. Employee expenses are lower due to staff vacancies throughout the financial year. At 30 June 2019, there were 606 actual MOHRI FTEs, compared to a budget of 615 FTEs.

V3. Supplies and services are lower due to savings in computer expenses and the deferral of expenditure relating to the business transformation program of works.

V4. Interest expense is unfavourable due to higher than anticipated interest paid to clients.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

21. Budget to Actual Comparison (Continued)

Statement of Financial Position

| | Variance Notes | Original Budget 2019 \$'000 | Actual 2019 \$'000 | Variance 2019 \$'000 |
|---|-------------------|--------------------------------------|--------------------------|----------------------------|
| Assets | | | | |
| Current Assets | | | | |
| Cash and cash equivalents | 5 | 224,253 | 246,617 | 22,364 |
| Receivables | | 15,684 | 17,322 | 1,638 |
| Other financial assets | 6 | 456,708 | 494,776 | 38,068 |
| Prepayments & other | | 622 | 533 | (89) |
| Property, plant and equipment held for sale | | - | 1,100 | 1,100 |
| Total Current Assets | | 697,267 | 760,348 | 63,081 |
| Non-Current Assets | | | | |
| Other financial assets | 6 | 180,292 | 170,562 | (9,730) |
| Property, plant and equipment | | 49,434 | 51,301 | 1,867 |
| Intangible assets | 7 | 13,928 | 180 | (13,748) |
| Total Non-Current Assets | | 243,654 | 222,043 | (21,611) |
| Total Assets | | 940,921 | 982,391 | 41,470 |
| Liabilities | | | | |
| Current Liabilities | | | | |
| Payables | | 4,731 | 4,159 | 572 |
| Deposits held in trust | 8 | 725,206 | 737,044 | (11,838) |
| Accrued employee benefits | | 12,717 | 15,338 | (2,621) |
| Total Current Liabilities | | 742,654 | 756,541 | (13,887) |
| Non-Current Liabilities | | | | |
| Accrued employee benefits | | 1,328 | 1,254 | 74 |
| Total Non-Current Liabilities | | 1,328 | 1,254 | 74 |
| Total Liabilities | | 743,982 | 757,795 | (13,813) |
| Net Assets | | 196,939 | 224,596 | 27,657 |
| Equity | | 196,939 | 224,596 | 27,657 |

Explanations of Major Variances - Statement of Financial Position

V5. Cash and cash equivalents are higher than budget largely due to funds being held in cash pending improved interest rate conditions.

V6. Other financial assets are higher than budget primarily due to an increased level of clients' deposits held in trust, coupled with lower than anticipated capital expenditure incurred during the financial year.

V7. Intangible assets are lower due to the deferral of capital expenditure relating to the business transformation program of works.

V8. Deposits held in trust are higher compared to budget as a result of an increase in client balances.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

21. Budget to Actual Comparison (Continued)

Statement of Cash Flows

| | Variance Notes | Original Budget 2019 \$'000 | Actual 2019 \$'000 | Variance 2019 \$'000 |
|---|-------------------|--------------------------------------|--------------------------|----------------------------|
| Cash Flows From Operating Activities | | | | |
| <i>Inflows:</i> | | | | |
| Fees received | | 59,502 | 62,813 | 3,311 |
| Interest revenue received | | 27,139 | 27,583 | 444 |
| Other revenue received | | 1,061 | 535 | (526) |
| GST collected from customers | | - | 8,914 | 8,914 |
| Net amount (paid) / accepted as deposits held in trust | | (1,105) | 465 | 1,570 |
| <i>Outflows:</i> | | | | |
| Payments to suppliers and employees | | (78,853) | (75,257) | 3,596 |
| GST paid to suppliers | | - | (4,524) | (4,524) |
| GST remitted to ATO | | - | (4,238) | (4,238) |
| Interest expense | | (10,943) | (11,976) | (1,033) |
| Net Cash Used In Operating Activities | | (3,199) | 4,315 | 7,514 |
| Cash Flows From Investing Activities | | | | |
| <i>Inflows:</i> | | | | |
| Sales of other financial assets | 9 | 105,980 | 173,539 | 67,559 |
| Sale of property, plant and equipment | | 2,120 | 445 | (1,675) |
| <i>Outflows:</i> | | | | |
| Payments for other financial assets | 9 | (105,980) | (167,506) | (61,526) |
| Payments for property, plant and equipment | 10 | (21,661) | (1,432) | 20,229 |
| Net Cash Flow (Used In) / Provided By Investing Activities | | (19,541) | 5,046 | 24,587 |
| Net (Decrease) / Increase in Cash and Cash Equivalents | | (22,740) | 9,361 | 32,101 |
| Cash and Cash Equivalents At Beginning of the Financial Year | | 246,993 | 240,343 | (6,650) |
| Cash and Cash Equivalents At End of the Financial Year | | 224,253 | 249,704 | 25,451 |

Explanations of Major Variances - Statement of Cash Flows

V9. The net receipts for financial assets were higher due to a combination of higher than anticipated bond sales and fewer purchases of term deposits in response to the low interest rate environment.

V10. Payments for property, plant and equipment were lower than expected for the year due to the deferral of capital expenditure on building related projects, including refurbishment of the Brisbane head office and regional office buildings.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

21. Budget to Actual Comparison (Continued)

Administered Unclaimed Moneys

| | Variance Notes | Original Budget 2019 \$'000 | Actual 2019 \$'000 | Variance \$'000 |
|---|-------------------|--------------------------------------|--------------------------|--------------------|
| Administered Income | | | | |
| Interest from investing activities | | 824 | 888 | 64 |
| Unclaimed moneys recognised as consolidated revenue | 11 | 2,988 | 2,665 | (323) |
| Total | | 3,812 | 3,553 | (259) |
| Administered Expenses | | | | |
| Other expenses | 12 | 950 | 326 | 624 |
| Amount transferable to government | | 2,862 | 3,227 | (365) |
| Total | | 3,812 | 3,553 | 259 |
| Net Surplus/(Deficit) | | - | - | - |
| Administered Assets | | | | |
| Current | | | | |
| Receivables | 13 | 3,812 | 3,553 | (259) |
| Total | | 3,812 | 3,553 | (259) |
| Administered Liabilities | | | | |
| Current | | | | |
| Payables | 14 | 3,812 | 3,553 | 259 |
| Total | | 3,812 | 3,553 | 259 |
| Net Administered Assets | | - | - | - |

The above statement of administered Unclaimed Moneys does not include Unclaimed Moneys held by the Public Trustee for less than six years as these amounts are not yet transferrable to Consolidated Revenue and therefore not reported for budgetary purposes.

The total amount of Unclaimed Moneys held by the Public Trustee for less than six years at 30 June 2019 was \$50.1m (2018: \$42.3m). Please refer financial statement Note 22 for details.

Explanations of Major Variances - Administered Unclaimed Moneys

V11. Unclaimed moneys recognised as consolidated revenue is lower due to a reduced volume of unclaimed moneys that have been held by the Public Trustee for more than six years.

V12. Other expenses (including management fees payable to the Public Trustee) were lower in line with unclaimed moneys recognised as consolidated revenue.

V13. Receivables are lower due to reduced consolidated revenue recoverable from Queensland Treasury (refer V11).

V14. Payables are below budget due to lower management fees payable to the Public Trustee \$0.624m (Refer V12), which is partially offset by an increase in the amount transferrable to government of \$0.365m.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

WHAT WE LOOK AFTER ON BEHALF OF THE GOVERNMENT AND OUR CLIENTS

22. Administered Transactions and Balances

Unclaimed Moneys Fund

The Public Trustee administers, but does not control, the Unclaimed Moneys Fund on behalf of the Government. In doing so, the Public Trustee has responsibility and is accountable for administering related transactions and items but does not have the discretion to deploy these resources for the achievement of the Public Trustee's objectives. Consequently these transactions and balances are not included in the financial statements and are disclosed in these notes for the information of users.

The investments of the Unclaimed Moneys Fund are being managed through the Public Trustee Common Fund which has a capital guarantee and a regulated rate of interest.

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Administered Income | | |
| Interest from investing activities | 888 | 717 |
| Unclaimed Moneys recognised as Consolidated Revenue | 2,665 | 2,442 |
| Total | <u>3,553</u> | <u>3,159</u> |
| Administered Expenses | | |
| Management fees | 216 | 259 |
| Capital rebate fee | 110 | 721 |
| Amount transferable to Consolidated Fund * | 3,227 | 2,179 |
| Total | <u>3,553</u> | <u>3,159</u> |
| Net Surplus/(Deficit) | <u>-</u> | <u>-</u> |
| Administered Assets | | |
| Current | | |
| Receivables | 326 | 980 |
| Other financial assets | 53,332 | 44,468 |
| Total | <u>53,658</u> | <u>45,448</u> |
| Administered Liabilities | | |
| Current | | |
| Payables | 3,553 | 3,159 |
| Total | <u>3,553</u> | <u>3,159</u> |
| Non-Current | | |
| Unclaimed moneys fund balance | 50,105 | 42,289 |
| Total | <u>50,105</u> | <u>42,289</u> |
| Net Assets | <u>-</u> | <u>-</u> |

* During 2018-19, funds totalling \$2.179m (2018: \$3.072m) were transferred to the Consolidated Fund in accordance with the provision of the *Public Trustee Act 1978*.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

23. Other Funds Managed By The Public Trustee

The Public Trustee has responsibility for the management of a range of client assets, such as property and investments, which are held on behalf of clients and do not form part of the Common Fund.

These transactions and balances held outside the Common Fund are not controlled nor administered items. Consequently they are not included in the financial statements and are disclosed in these notes for the information of users only. Accordingly, measurement requirements of Australian Accounting Standards do not apply to these amounts held outside the Common Fund.

Clients Assets Held outside the Common Fund at 30 June 2019

| Clients | Deposits At Call | Other Investments | Retirement Products | Realty and Homes | Other | PT Growth Trust | Total |
|---|------------------|-------------------|---------------------|------------------|----------------|-----------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial management | 71,486 | 61,320 | 258,039 | 356,216 | 139,048 | 137,763 | 1,023,872 |
| Deceased estates | 48,911 | 24,127 | 11,951 | 236,984 | 20,605 | - | 342,578 |
| Minors, general and testamentary trusts | 62,727 | 28,995 | 2,348 | 122,390 | 6,384 | 196,855 | 419,699 |
| Other clients | 13,054 | 16,367 | 5,009 | 24,203 | 22,080 | 11,772 | 92,485 |
| Total | 196,178 | 130,809 | 277,347 | 739,793 | 188,117 | 346,390 | 1,878,634 |

Clients Assets Held outside the Common Fund at 30 June 2018

| Clients | Deposits At Call | Other Investments | Retirement Products | Realty and Homes | Other | PT Growth Trust | Total |
|---|------------------|-------------------|---------------------|------------------|----------------|-----------------|------------------|
| | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Financial management | 67,464 | 81,686 | 223,611 | 333,730 | 130,416 | 130,265 | 967,172 |
| Deceased estates | 50,991 | 30,136 | 11,043 | 223,660 | 21,403 | - | 337,233 |
| Minors, general and testamentary trusts | 39,622 | 27,422 | 1,795 | 125,451 | 5,774 | 186,972 | 387,036 |
| Other clients | 11,085 | 16,424 | 3,741 | 20,595 | 22,473 | 12,723 | 87,041 |
| Total | 169,162 | 155,668 | 240,190 | 703,436 | 180,066 | 329,960 | 1,778,482 |

Deposits at call

Deposits at call represent balances held in bank accounts and other short term deposits. Short term deposits are updated as at 30 June each year. Balances held in bank accounts are generally updated at commencement of the file and subsequently at the most recent review.

Other investments

Other investments represent listed equities, listed and unlisted unit trusts, fixed interest rate investments, unlisted shares and unlisted unit trust investments. Listed equities are valued at fair value (market value). Other investments are valued by reference to written advice from the relevant financial institution, company or share registry and are recorded based on the latest available information.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

23. Other Funds Managed By The Public Trustee (Continued)

Pre and Post Retirement Products

Pre and post retirement products represent funds held in superannuation, account based pensions, life insurance policies, annuities and pension accounts. The Public Trustee has appointed Australian Super as its preferred supplier of superannuation services for clients of the office. The values of client's holdings with Australian Super are provided to the Public Trustee on a monthly basis for updating. For all other service providers, holdings are valued annually based on the latest product statement.

Realty and Homes

Realty comprises land and buildings. Generally, property values are provided by the Public Trustee valuers or external valuers upon commencement of the file. Different valuation rules and review dates apply depending on the type of client (e.g. deceased estate, financial management, trust) and the services provided by the Public Trustee. Realty assets are valued every three years with no indexation. Detailed valuation rules are contained in relevant operating manuals of the Public Trustee.

Homes include retirement dwellings, relocatable and mobile homes and are valued at original cost or estimated market value.

Other Assets

Other assets include all assets not separately disclosed above. The main items included in this category as at 30 June 2019 and their valuation methods are shown below:

| Asset Category | Description | Valuation Basis |
|-------------------------------|--|--|
| Business | A full or part share of a business owned by clients | Financial statements of the client's business |
| Contributions paid by clients | Contributions paid to aged care facilities by clients | Periodic aged care facilities statements. |
| Chattels | General household items | Estimated market value lodged with Centrelink, minimum insurance value or at original cost if purchased by the PT. |
| Other | Includes interest in deceased estates and workers' compensation claims | Original source document. |
| Vehicles | Including motor vehicles and bicycles | At original cost or estimated market value. |
| Liabilities | Secured and general liabilities | Periodic statements and invoices. |

Public Trustee of Queensland Growth Trust (the Growth Trust)

The *Trusts (Investments) Amendment Act 1999* enables trustees to move away from a defined list of authorised trustee investments to an investment philosophy invoking the "*Prudent Person Rule*". The Public Trustee, through the operation of the Growth Trust, has ensured that clients have access to tailored financial and investment plans to meet their lifestyle requirements.

As at 30 June 2019, the total amount of client funds held in the Growth Trust was \$346.4m (2018: \$330.0m). The financial results of the Growth Trust do not form part of these financial statements, consistent with the treatment of all clients' assets held outside the Common Fund.

Financial assets of the Growth Trust are invested in QIC Growth Fund and are valued at fair value (market value) as at 30 June each year. For further information, refer to the Growth Trust's General Purpose Financial Report as at 30 June each year. The financial report of the Growth Trust is independently audited by the Queensland Audit Office.

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OTHER INFORMATION

24. Key Management Personnel Disclosures

(a) Details of Key Management Personnel

The following details for Key Management Personnel (KMP) reflect those positions that had authority and responsibility for planning, directing and controlling the activities of the Public Trustee during 2018-19 and 2017-18, as set out in the table below. Further information on these positions can be found in the body of the annual report under the section relating to Executive Management.

| Position | Responsibilities |
|---|---|
| Public Trustee of Queensland | The Public Trustee of Queensland is responsible for the efficient, effective and economic administration of the agency. |
| Deputy Public Trustee and Official Solicitor | The Deputy Public Trustee of Queensland and Official Solicitor is primarily responsible for the operations of the Office of the Official Solicitor, the Public Trustee's in-house legal service supplier ⁽ⁱ⁾ . |
| Executive Director, Client Experience and Delivery | The Executive Director, Client Experience and Delivery is responsible for leading the Client Services Program to achieve financial viability and support the community and clients. |
| Executive Director, Investment & Finance Services & CFO | The Executive Director, Investment & Finance Services & CFO is primarily responsible for the financial stewardship of the agency. |
| Executive Director, Digital and Technology | The Executive Director, Digital and Technology is responsible for delivering digital and information technology services across the organisation. |

(i) The responsibilities for the Office of the Official Solicitor were fulfilled by the Acting Official Solicitor from 17/06/19.

(b) Remuneration Policy

Remuneration policy for the Public Trustee's KMP is set by the Queensland Public Service Commission as provided for under the *Public Service Act 2008*. Individual remuneration and other terms of employment for the KMP are specified in employment contracts.

Remuneration expenses for KMP comprise the following components:

- Base – consisting of base salary earned and expensed for the entire year, or for that part of the year during which the employee occupied a KMP position;
- Vehicle allowance (cash) and movement in annual leave – includes a motor vehicle allowance, the movement in annual leave entitlements during the financial year and leave loading;
- Non-monetary benefits – consisting of the provision of any fringe benefits together with fringe benefits tax applicable to the benefit;
- Long term employee expenses include amounts expensed in respect of long service leave entitlements earned;
- Post-employment expenses include amounts expensed in respect of employer superannuation obligations;
- Termination provisions are specified within individual contracts of employment. Contracts of employment provide for notice periods, service and separation payments and a repayment clause. No reason needs to be given for a contract termination; and
- The Public Trustee of Queensland is employed under the *Public Trustee Act 1978* and is not eligible for consideration for a performance bonus. Other KMP are also not eligible for performance bonuses.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

24. Key Management Personnel Disclosures (Continued)

(c) Key Management Personnel Remuneration Expense

The following disclosure focuses on the expense incurred by the Public Trustee that is attributable to key management positions during the respective reporting periods. The amounts disclosed are determined on the same basis as expenses recognised in the statement of comprehensive income.

2018-19

| Position | Short Term Employee Expenses | | Long Term Employee Expenses | Post-Employment Expenses | Termination Benefit | Total |
|---|------------------------------|-------------------------|-----------------------------|--------------------------|---------------------|--------------|
| | Monetary Expenses | Non – Monetary Benefits | | | | |
| | \$'000 | \$'000 | | | | |
| Public Trustee of Queensland | 334 | - | 9 | 42 | - | 385 |
| Public Trustee of Queensland and Acting CEO from 13/06/19 | 14 | - | - | 2 | - | 16 |
| Deputy Public Trustee and Official Solicitor | 231 | - | 6 | 26 | 337 | 600 |
| Official Solicitor (Acting) from 17/06/19 | 8 | - | - | 1 | - | 9 |
| Executive Director, Client Experience & Delivery | 197 | - | 3 | 19 | - | 219 |
| Executive Director, Digital & Technology | 227 | - | 4 | 24 | - | 255 |
| Executive Director, Investment & Finance Services & CFO | 180 | - | 4 | 20 | - | 204 |
| Total Remuneration | 1,191 | - | 26 | 134 | 337 | 1,688 |

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2019

24. Key Management Personnel Disclosures (Continued)

(c) Key Management Personnel Remuneration Expense (Continued)

2017-18

| Position | Short Term Employee Expenses | | Long Term Employee Expenses | Post-Employment Expenses | Termination Benefit | Total |
|---|------------------------------|-----------------------|-----------------------------|--------------------------|---------------------|--------------|
| | Monetary Expenses | Non-Monetary Benefits | | | | |
| | \$'000 | \$'000 | | | | |
| Public Trustee of Queensland | 335 | - | 7 | 42 | - | 384 |
| Deputy Public Trustee and Official Solicitor | 231 | - | 10 | 25 | - | 266 |
| Executive Director, Client Experience & Delivery | 202 | - | 2 | 21 | - | 225 |
| Executive Director, Digital & Technology | 223 | - | 2 | 24 | - | 249 |
| Executive Director, Investment & Finance Services & CFO | 194 | - | 4 | 18 | - | 216 |
| Total Remuneration | 1,185 | - | 25 | 130 | - | 1,340 |

25. Related Party Transactions

i. Transactions with people/entities related to KMP

During the year ended 30 June 2019, no transaction has occurred with any of the Public Trustee's KMP or people/entities related to the KMP.

ii. Transactions with other Queensland Government-controlled entities

The Public Trustee has a contractual arrangement with the Office of Liquor and Gaming Regulation (the Regulator) for managing and assigning the tenders for the gaming machine licences. The Public Trustee receives a fee for acting in the capacity of an agent. The Public Trustee does not control the charges and fee revenue collected from these activities, the revenue, associated receivables and expenditure payments to the Regulator. Total commission received by the Public Trustee in respect of 2018-19 was \$0.1m.

The Public Trustee receives archival services from the Queensland State Archives, free of charge. The total fair value of archival services received in respect of 2018-19 was \$1.7m (2018: \$1.7m).

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

25. Related Party Transactions (Continued)

ii. Transactions with other Queensland Government-controlled entities (Continued)

The Public Trustee receives insurance cover from the Queensland Government Insurance Fund (QGIF) in respect of property, general liability, professional indemnity, personal accident and illness and marine hull and liability at commercial rates. The total premium paid to QGIF in respect of 2018-19 was \$0.6m (2018: \$0.6m).

The Public Trustee also pays premiums to WorkCover Queensland in respect of workers' compensation insurance at commercial rates. Refer Note 4 for details.

The Public Trustee provides Community Service Obligations to the Queensland community in the form of contributions to Civil Law Legal Aid which is administered by Legal Aid Queensland and the Office of The Public Guardian. Refer Note 6 for details.

The Public Trustee holds investments with Queensland Treasury Corporation (QTC) and Queensland Investment Corporation (QIC). Refer Notes 2, 3 and 8 for details.

26. Taxation

The Public Trustee is a State body as defined under the *Income Tax Assessment Act 1936* and is exempt from Commonwealth taxation with the exception of Fringe Benefits Tax and Goods and Services Tax (GST). GST credits receivable from and GST payable to the Australian Taxation Office are recognised in the accounts.

27. First Year Application of New Accounting Standards or Changes in Accounting Policy

(i) Changes in Accounting Policy

The Public Trustee did not voluntarily change any of its accounting policies during 2018-19.

(ii) Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2018-19.

(iii) Accounting Standards Applied for the First Time or Change in Accounting Policy

Other than AASB 9 *Financial Instruments*, which is detailed below, no accounting standards that apply to the Public Trustee for the first time in 2018-19 have any material impact on the financial statements.

Changes in accounting policies - AASB 9 *Financial Instruments*

The Public Trustee applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*. The nature and effect of the changes as a result for adoption of this new accounting standard are described below:

Classification and measurement

Under AASB 9, debt instruments are categorised into one of the three measurement bases – amortised cost, fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL). The classification is based on two criteria:

- whether the financial asset's contractual cash flows represent "solely payments of principal and interest", and
- The Public Trustee's business model for managing the assets.

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27. First Year Application of New Accounting Standards or Changes in Accounting Policy (Continued)

Changes in accounting policies - AASB 9 *Financial Instruments* (Continued)

Classification and measurement (Continued)

Receivables (Note 9)

Trade and other receivables were classified as receivables as at 30 June 2018 under AASB 139 *Financial Instruments: Recognition and Measurement* and measured at amortised cost. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

Other Financial Assets (Note 10)

(i) Financial Assets at Fair Value through Profit or Loss (FVPL)

The Public Trustee's investments in the QIC Cash Enhanced Fund were classified as available-for-sale under AASB 139 *Financial Instruments: Recognition and Measurement* as at 30 June 2018. Beginning 1 July 2018, this asset has been categorised and measured at FVPL under AASB 9 *Financial Instruments* as it is an equity instrument held for trading that is within the scope of AASB 9.

(ii) Financial assets at Fair Value through Other Comprehensive Income (FVOCI)

The Public Trustee's investments in bonds and floating notes were categorised as available-for-sale under AASB 139 *Financial Instruments: Recognition and Measurement* as at 30 June 2018. Beginning 1 July 2018, these investments have been categorised and measured at FVOCI under AASB 9 *Financial Instruments* as they are held by the Public Trustee for the purpose of both selling and collecting contractual cash flows and the collection of the contractual cash flows are solely payments of principal and interest.

(iii) Financial assets at Amortised Cost

The Public Trustee's investments in fixed and floating term deposits were classified as held-to-maturity financial assets at 30 June 2018 (under AASB 139) and were measured at fair value. These receivables are held for collection of contractual cash flows that are solely payments of principal and interest. As such, they continue to be measured at amortised cost beginning 1 July 2018.

Impairment

AASB 9 requires the loss allowance to be measured using a forward-looking expected credit loss approach, replacing AASB 139's incurred loss approach. AASB 9 also requires a loss allowance to be recognised for all debt instruments other than those held at fair value through profit or loss.

Beginning 1 July 2018, the Public Trustee has recognised impairment losses in respect of its receivables in accordance with AASB 9's new impairment model.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2019

28. Future Impact of Accounting Standards Not Yet Effective

At the date of authorisation of the financial report, the expected impacts of new or amended Australian Accounting Standards issued but with future effective dates are set out below:

AASB 1058 Income of Not-for-Profit Entities and AASB 15 Revenue from Contracts with Customers

These standards will first apply to the Public Trustee for its financial statements for 2019-20. The Public Trustee intends to adopt the standards using the modified retrospective approach which means the cumulative impact of adoption will be recognised in accumulated surplus as of 1 July 2019 and that comparatives will not be restated.

The Public Trustee has reviewed the impact of AASB 1058 and AASB 15 and identified the following impacts (or estimated impact where indicated) of adopting the new standards:

Administration of Estates and Trusts and Other Professional Fees

The Public Trustee has identified timing and measurement differences for various revenue items.

Currently, the Public Trustee recognises revenue over-time based on hours expended (for the majority of its services), upon invoice milestone dates for some of the fees, or initially when received dependent on the service being provided.

Under AASB 15, revenue should be recognised upon the satisfaction of performance obligations or over time by measuring progress towards the completion of the performance obligation if the entity's performance does not create an asset with an alternative use and the entity has right to payment for performance completed to date. As the majority of the Public Trustee's services are provided over-time for which the Public Trustee has right to payment for work performed, revenue should be recognised over-time from contract inception date, based on the estimated fee for the period or hours expended to date (where hourly rates apply) or where fixed fees apply, based on the hours expended in relation to the total hours required to complete the performance obligation.

AASB 15 also requires that the variable consideration of the contract be estimated at inception as the amount that is highly probable and that will not result in a significant reversal of revenue. Accordingly where a fee for service is constrained for a future event, the Public Trustee will only recognise revenue to the extent that it is highly probable that a significant reversal will not occur.

Community Service Obligations (CSOs) - Where due to financial circumstances, a client is unable to pay the full amount of the fee, a rebate for all or part of the fee may be given in accordance with CSO arrangements. These CSOs are currently shown as an offset against revenue. The CSOs are considered as price concessions in connection with the contract with the client. For each revenue stream in which the Public Trustee provides CSOs, some are known at inception whilst others are provided manually on an ad hoc basis.

Under AASB 15, the amount of the CSOs should be estimated at inception and throughout the life of the contract. The Public Trustee has determined that the most appropriate method of applying AASB 15 to its revenue is to make portfolio level provisions for these price concessions based on accumulated experience and considerations with respect to the expected value/most likely amount.

The Public Trustee has quantified the transitional impact on the statement of financial position and statement of comprehensive income of contract arrangements under the new standard set out below. The net impact of these adjustments on 1 July 2019 is estimated to increase equity by \$0.2m.

- \$1.0m increase in contract asset for revenue accrual
- \$0.3m increase in contract asset for work in process
- (\$1.1m) increase in contract liability for unearned revenue
- (\$0.2m) increase in opening accumulated surplus

The Public Trustee currently does not have any government grants impacted by the new standards.

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28. Future Impact of Accounting Standards Not Yet Effective (Continued)

AASB 16 Leases

This standard will first apply to the Public Trustee from its financial statements for 2019-20. When applied, the standard supersedes AASB 117 *Leases*, AASB Interpretation 4 *Determining whether an arrangement contains a Lease*, AASB Interpretation 115 *Operating Leases – Incentives* and AASB Interpretation 127 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*.

Impact for Lessees

Under AASB 16, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position as right-of-use assets and lease liabilities.

The right-of-use asset will be initially recognised at cost, consisting of the initial amount of the associated lease liability, plus any lease payments made to the lessor at or before the effective date, less any lease incentive received, the initial estimate of restoration costs and any initial direct costs incurred by the lessee. The right-of-use asset will give rise to a depreciation expense.

The lease liability will be initially recognised at an amount equal to the present value of the lease payments during the lease term that are not yet paid. Current operating lease rental payments will no longer be expensed in the statement of comprehensive income. They will be apportioned between a reduction in the recognised lease liability and the implicit finance charge (the effective rate of interest) in the lease. The finance cost will also be recognised as an expense.

AASB 16 allows a 'cumulative approach' rather than full retrospective application to recognising existing operating leases. In accordance with Queensland Treasury's policy, the Public Trustee will apply the 'cumulative approach', and will not need to restate comparative information. Instead, the cumulative effect of applying the standard is recognised as an adjustment to the opening balance of accumulated surplus (or other component of equity, as appropriate) at the date of initial application.

Outcome of Review as Lessee

The Public Trustee has completed its review of the impact of adoption of AASB 16 on the statement of financial position and statement of comprehensive income and has identified the following major impacts.

During the current financial year, the Public Trustee was advised by Queensland Treasury and Department of Housing and Public Works (DHPW) that, effective 1 July 2019, motor vehicles provided under DHPW's QFleet program will be exempt from lease accounting under AASB 16. From 2019-20 onward, costs for these services will continue to be expensed as supplies and services expense when incurred. Existing QFleet leases were not previously included as part of non-cancellable operating lease commitments.

The Public Trustee has quantified the transitional impact on the statement of financial position and statement of comprehensive income of all qualifying lease arrangements under AASB 16, as follows:

- Statement of financial position impact on 1 July 2019:
 - \$6.7m increase in right-of-use assets
 - (\$7.2m) increase in lease liabilities
 - \$0.5m decrease in opening accumulated surplus
- Statement of comprehensive income impact expected for 2019-20, as compared to 2018-19:
 - \$0.8m increase in depreciation and amortisation expense
 - \$0.2m increase in interest expense
 - (\$0.9m) decrease in supplies and services expense
 - This results in a net increase of (\$0.1m) in total expenses

All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Public Trustee's activities, or have no material impact on the corporation.

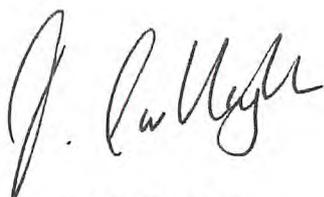
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**Certification of the Public Trustee of Queensland
For The Year Ended 30 June 2019**

These general purpose financial statements have been prepared pursuant to section 62(1) of the *Financial Accountability Act 2009* (the Act), section 42 of the *Financial and Performance Management Standard 2009* and other prescribed requirements. In accordance with section 62(1) (b) of the Act we certify that in our opinion:

- (a) the prescribed requirements for establishing and keeping the accounts have been complied with in all material respects;
- (b) the financial statements have been drawn up to present a true and fair view, in accordance with prescribed accounting standards, of the transactions of the Public Trustee for the financial year ended 30 June 2019 and of the financial position of the Public Trustee at the end of that year; and

We acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Justine Callaghan
BCom CPA CMA GAICD
Executive Director Investment &
Finance Services & CFO



Samay Zhouand
BA LLB
Acting Public Trustee of
Queensland and CEO

27 Brisbane
August 2019

27 Brisbane
August 2019

INDEPENDENT AUDITOR'S REPORT

To the Accountable Officer of the Public Trustee of Queensland

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of the Public Trustee of Queensland.

In my opinion, the financial report:

- a) gives a true and fair view of the Public Trustee of Queensland 's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the certificates given by the Acting Public Trustee of Queensland and the Executive Director Investment and Finance Services and Chief Finance Officer.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the Public Trustee of Queensland in accordance with the 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 report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in the Public Trustee of Queensland's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

The Accountable Officer is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Accountable Officer for the financial report

The Accountable Officer is responsible for the preparation of the financial report that gives a true and fair view in accordance with the *Financial Accountability Act 2009*, the Financial and Performance Management Standard 2009 and Australian Accounting Standards, and for such internal control as the Accountable Officer determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The Accountable Officer is also responsible for assessing the Public Trustee of Queensland's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless it is intended to abolish the Public Trustee of Queensland or to otherwise cease operations.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 expressing an opinion on the effectiveness of the Public Trustee of Queensland's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Public Trustee of Queensland.
- Conclude on the appropriateness of the Public Trustee of Queensland'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 Public Trustee of Queensland'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 report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Public Trustee of Queensland to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the Accountable Officer 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 other legal and regulatory requirements

In accordance with s.40 of the *Auditor-General Act 2009*, for the year ended 30 June 2019:

- a) I received all the information and explanations I required.
- b) In my opinion, the prescribed requirements in relation to the establishment and keeping of accounts were complied with in all material respects.



28 August 2019

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

The Public Trustee of Queensland Growth Trust

ABN 95 792 610 481

Financial Statements Year Ended 30 June 2019

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General Information

The trustee of the Public Trustee of Queensland Growth Trust (the Trust) is the Public Trustee of Queensland (ABN 12 676 939 467).

For the purpose of this report 'the Public Trustee of Queensland' refers to the independent statutory individual and 'the Public Trustee' comprises all the operating activities under its control.

The head office and principal place of business of the Public Trustee: Trustee House, 444 Queen Street, Brisbane QLD 4000.

For information in relation to the Public Trustee of Queensland Growth Trust's financial statements, please email clintenq@pt.qld.gov.au or visit the Public Trustee's website at www.pt.qld.gov.au.

The Public Trustee of Queensland Growth Trust
Statement of Comprehensive Income
Year Ended 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|-------|----------------|----------------|
| Investment Income | | | |
| Interest income | | 52 | 19 |
| Net gains on financial instruments held at fair value through profit or loss | 1 | 7,897 | 6,369 |
| Distribution income | 2 | 14,331 | 16,406 |
| Total Net Investment Income | | 22,280 | 22,794 |
| Expenses | | | |
| Trustee fees | | (4,983) | (4,914) |
| Total Operating Expenses | | (4,983) | (4,914) |
| Profit | | 17,297 | 17,880 |
| Finance Costs Attributable To Unitholders | | | |
| Distribution to unitholders | 3 | (9,410) | (11,630) |
| Increase in net assets attributable to unitholders | 5 | (7,887) | (6,250) |
| Profit For the Period | | - | - |
| Other comprehensive income | | - | - |
| Total Comprehensive Income | | - | - |

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland Growth Trust

Statement of Financial Position

As at 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|-------|----------------|----------------|
| Assets | | | |
| Cash and cash equivalents | 6 | 1,459 | 332 |
| Distribution receivable | | 8,485 | 6,850 |
| Other receivable | | 46 | 44 |
| Financial assets held at fair value through profit or loss | 7 | 336,799 | 323,293 |
| Total Assets | | 346,789 | 330,519 |
| Liabilities | | | |
| Distributions payable | 3 | 6,000 | 5,720 |
| Redemption payable | | 221 | 282 |
| Trustee fees payable | | 450 | 435 |
| Total Liabilities (Excluding Net Assets Attributable to Unitholders) | | 6,671 | 6,437 |
| Net Assets Attributable to Unitholders - Liability | 5 | 340,118 | 324,082 |

The above statement should be read in conjunction with the accompanying notes.

The Public Trustee of Queensland Growth Trust

Statement of Changes in Equity Year Ended 30 June 2019

The Trust's net assets attributable to unitholders are classified as a liability under AASB 132 *Financial Instruments Presentation*. As such the Trust has no equity and no items of changes in equity have been presented for the current or comparative year.

Changes in net assets attributable to unitholders are disclosed in Note 5.

The Public Trustee of Queensland Growth Trust

Statement of Cash Flows Year Ended 30 June 2019

| | Notes | 2019 \$'000 | 2018 \$'000 |
|---|-------|----------------|----------------|
| Cash Flows From Operating Activities | | | |
| Interest received | | 51 | 18 |
| Reduced input tax credit received | | 261 | 257 |
| Distributions received | | 12,695 | 15,110 |
| Trustee fees paid | | (5,230) | (5,151) |
| Proceeds from sale of financial instruments held at fair value through profit or loss | | 8,157 | 16,274 |
| Purchase of financial instruments held at fair value through profit or loss | | (13,765) | (20,808) |
| Net Cash Flows From Operating Activities | | 2,169 | 5,700 |
| Cash Flows From Financing Activities | | | |
| Proceeds from applications of units by unitholders | | 32,762 | 30,292 |
| Payments for redemptions of units by unitholders | | (24,675) | (25,868) |
| Distributions paid | | (9,129) | (10,294) |
| Net Cash Flows Used In Financing Activities | | (1,042) | (5,870) |
| Net Increase / (Decrease) in Cash and Cash Equivalents | | 1,127 | (170) |
| Cash and Cash Equivalents at Beginning of the Financial Year | | 332 | 502 |
| Cash and Cash Equivalents at End of the Financial Year | | 1,459 | 332 |

The above statement should be read with the accompanying notes.

| | 2019 \$'000 | 2018 \$'000 |
|---|----------------|----------------|
| Reconciliation of Cash Flows From Operating Activities | | |
| Increase in net assets attributable to unitholders | 7,887 | 6,250 |
| Distributions paid to unitholders | 9,410 | 11,630 |
| Net change in financial instruments held at fair value through profit or loss | (13,506) | (10,905) |
| Net change in receivables and other assets | (1,637) | (1,297) |
| Net change in payables | 15 | 22 |
| Net Cash Inflow from Operating Activities | 2,169 | 5,700 |

There were no non-cash financing activities during the year or the prior year.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

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The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

BASIS OF FINANCIAL STATEMENTS PREPARATION

a) General Information

The Public Trustee of Queensland Growth Trust (the Trust) is a unit trust structure and was constituted by a Trust Deed Poll on 10 July 1996. The Trust will terminate on 10 July 2076 unless terminated earlier in accordance with the provisions of the Trust Deed.

The Trust Administrator and Registry provider is BDO (Qld) Pty Ltd ACN 134 242 434. The Investment Manager is QIC Limited ('QIC') ACN 130 539 123.

The financial statements for the year ended 30 June 2019 were authorised for issue by the Public Trustee of Queensland and the Executive Director Investment & Finance Services & CFO at the date of signing the Public Trustee of Queensland's Declaration.

The Trust was established by the Public Trustee to provide clients of the Public Trustee with an investment option that provides capital growth and income from a diversified investment portfolio.

b) Compliance with Prescribed Requirements

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board (AASB) in Australia and comply with Australian Accounting Standards – Reduced Disclosure Requirements as issued by the AASB.

c) Presentation Matters

All amounts are presented in Australian dollars and have been rounded to the nearest \$1,000 or, where the amount is \$500 or less, to zero, unless disclosure of the full amount is specifically required.

The statement of financial position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets held at fair value through profit or loss and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

d) Basis of Measurement

Historical cost is used as the measurement basis in this financial report except for financial assets measured at fair value through profit or loss

e) The Reporting Entity

The Trust is a for-profit entity for the purpose of preparing the financial statements.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

NOTES ABOUT OUR FINANCIAL PERFORMANCE

1. Net Gains / (Losses) on Financial Instruments held at Fair Value through Profit or Loss

| | 2019 | 2018 |
|--|--------------|--------------|
| | \$'000 | \$'000 |
| Financial assets at fair value through profit and loss | 7,897 | 6,369 |
| Net gains on financial assets held at fair value through profit or loss | 7,897 | 6,369 |

2. Distribution Income

Distributions from financial assets held at fair value through profit or loss are as follows:

| | 2019 | 2018 |
|---|---------------|---------------|
| | \$'000 | \$'000 |
| Distribution Income | 14,331 | 16,406 |
| Total distribution income received | 14,331 | 16,406 |

Accounting Policy – Distribution Income

Distribution income is recognised when the right to receive payment is established.

3. Distribution to Unitholders

Distributions for the year were as follows:

| | 2019 | 2019 | 2018 | 2018 |
|-------------------------------------|--------------|---------------|---------------|---------------|
| | \$'000 | CPU* | \$'000 | CPU* |
| Distribution paid 30 September 2018 | - | - | 1,160 | 0.3242 |
| Distribution paid 31 December 2018 | 2,304 | 0.6296 | 2,030 | 0.5640 |
| Distribution paid 31 March 2019 | 1,106 | 0.3005 | 2,720 | 0.7482 |
| Distribution payable 30 June 2019 | 6,000 | 1.6195 | 5,720 | 1.5828 |
| Total distribution | 9,410 | 2.5496 | 11,630 | 3.2192 |

* CPU is cents per unit

Accounting Policy – Distribution to Unitholders

In accordance with the Trust Deed, the Trust distributes income to unitholders by cash. Where unitholders choose to do so, these distributions may be reinvested into the Trust at the applicable application price. The distributions are recognised in profit or loss as finance costs attributable to unitholders.

Distribution payable to unitholders at the end of each reporting period is recognised in the statement of financial position when unitholders are presently entitled to the distributable income under the Trust Deed.

4. Remuneration of Auditors

During the year audit fees of \$19,500 (2018: \$20,500) were paid or payable by the Public Trustee to Queensland Audit Office for services provided by the auditor of the Trust. Fees for the audit of financial statements are included as part of the Trustee fees in the statement of comprehensive income.

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The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

NOTES ABOUT OUR FINANCIAL POSITION

5. Net Assets Attributable to Unitholders

Net assets attributable to unitholders and the movements in the number of units during the year were as follows:

| | 2019 | 2018 |
|--|----------------|----------------|
| Amount | \$'000 | \$'000 |
| Opening balance | 324,082 | 313,255 |
| Applications | 32,762 | 30,292 |
| Redemptions | (24,613) | (25,715) |
| Change in net assets attributable to unitholders | 7,887 | 6,250 |
| Closing balance | 340,118 | 324,082 |

| Unit No's | Unit No's '000 | Unit No's '000 |
|------------------------|-----------------------|-----------------------|
| Opening balance | 361,352 | 356,322 |
| Application | 36,452 | 33,628 |
| Redemptions | (27,307) | (28,598) |
| Closing balance | 370,497 | 361,352 |

Accounting Policy - Net Assets Attributable to Unitholders

Units are redeemable at the unitholders' option and are classified as financial liabilities as the Trust is required to distribute its taxable income. The units can be put back to the Trust at any time for cash based on the redemption price. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the end of the reporting period if unitholders exercised their right to redeem units in the Trust.

Income not distributed is included in net assets attributable to unitholders. Movements in net assets attributable to unitholders are recognised in profit or loss.

Accounting Policy - Applications and Redemptions

The Trust utilises a buy-sell spread methodology to ensure that unitholders joining or leaving the Trust contribute to the transaction costs incurred by the Trust in buying/selling assets. The buy-sell spread is retained by the Trust to cover transactional costs and to ensure equity among unitholders is maintained.

Application requests are processed utilising the application price to determine the number of units in the Trust to be issued. Redemption requests are processed utilising the redemption price to determine the number of units in the Trust to be cancelled.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

5. Net Assets Attributable to Unitholders (Continued)

Disclosure

Capital Risk Management

The capital structure of the Trust consists of net assets attributable to unitholders as capital, notwithstanding net assets attributable to unitholders are classified as a liability. The amount of net assets attributable to unitholders can change on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

The Public Trustee reviews the applications and redemptions relative to the liquidity of the Trust's underlying assets. From 5th November 2018, this changed from daily to twice weekly. Under the terms of the Trust Deed, the Public Trustee has the discretion to reject an application for units and to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

The Trust does not have any externally imposed capital requirements.

The Investment Manager manages the capital of the Trust in accordance with the Trust's investment objectives, policies and restrictions, as outlined in the Trust's product information statement, while maintaining sufficient liquidity to meet participating unitholders' redemptions.

The Investment Manager reviews the capital structure on a monthly basis. As part of this review, the Investment Manager considers the risks associated with each asset class.

6. Cash and Cash Equivalents

For the purpose of presentation in the statement of financial position and the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions.

Receipts and payments relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as gains and losses arising from trades in these securities represent the Trust's main income generating activities.

Receipts and payments pertaining to the applications and redemptions of units by unit holders are classified as financing activities.

The Public Trustee of Queensland Growth Trust
Notes to the Financial Statements
Year Ended 30 June 2019

7. Financial Assets held at Fair Value through Profit or Loss

| | 2019 | 2018 |
|---|----------------|----------------|
| | \$'000 | \$'000 |
| Unlisted unit trusts | 336,799 | 323,293 |
| Total financial assets held at fair value through profit or loss | 336,799 | 323,293 |

Comprising:

Unlisted unit trusts

| | | |
|------------------------|----------------|----------------|
| Units in growth trusts | 336,799 | 320,669 |
| Units in cash trusts | - | 2,624 |
| Total | 336,799 | 323,293 |

An overview of the risk exposures of fair value measurements relating to financial assets at fair value through profit or loss is included in Note 10.

Accounting Policy - Financial Instruments

Classification

The Trust's investments are classified as financial assets measured at fair value through profit or loss as their contractual terms do not give rise to cash flows that are solely payments of principal and interest. They are comprised of financial instruments designated at fair value through profit or loss upon initial recognition.

These investments are managed and their performance evaluated on a fair value basis in accordance with the Trust's documented investment strategies. The Trust's policy is for the Public Trustee to evaluate the information about these financial instruments on a fair value basis together with other related financial information.

Recognition / De-recognition

The Trust recognises financial assets and financial liabilities on the date they become party to the contractual agreement (trade date).

Investments are derecognised when the right to receive cash flows from the investments have expired or the Trust has transferred substantially all risks and rewards of ownership.

Measurement

Subsequent to initial recognition, all instruments classified at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Investments in unlisted unit trusts are recorded at fair value per unit as reported by QIC using an unadjusted net asset value of the unit trust.

Financial liabilities arising from the redeemable units issued by the Trust are carried at the redemption amount representing the unitholders' right to a residual interest in the Trust's assets, effectively at fair value at the reporting date.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

8. Fair Value Measurement

The Trust measures and recognises financial assets at fair value through profit or loss (FVTPL) (see Note 7) on a recurring basis. The Trust has no assets or liabilities measured at fair value on a non-recurring basis in the current reporting period.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements within the following fair value hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 - Input other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 - Inputs for the asset or liability that are substantially derived from unobservable inputs.

Investments in the QIC unlisted unit trusts are fair valued through profit or loss and classified as level 2. The fair value has been determined as the redemption value per unit as reported by QIC using an unadjusted asset value of the unit trust. The Trust does not have any relevant assets classified as level 1 or level 3.

9. Accounting Estimates and Judgements

The Trust makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The majority of the Trust's financial investments are held in QIC unlisted trusts and QIC (the investment manager) may use estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year.

10. Financial Risk Management

The Trust is exposed to a range of financial risks: market, risk, credit risk and liquidity risk through its investment activities.

This note presents information about the Trust's exposure to each of the above risks, as well as the Trust's objectives, policies and processes for measuring and managing the risk.

The disclosures are prepared on the basis of the Trust's direct investments with the exception of price risk disclosures which are on a look-through basis to the underlying investments of the QIC unlisted unit trusts.

(a) Risk Management Framework

The Trust's overall risk management program focuses on ensuring compliance with the Trust Deed and product information statement and seeks to maximise the returns derived for prudent levels of risk. The primary method of mitigating or controlling risks to the Trust's investment portfolio is diversification through the QIC Growth Fund.

The Investment Manager of the QIC Growth Fund has been given a discretionary authority to manage the assets in line with the QIC Growth Fund's investment objectives and employs a disciplined approach to risk management. The Trust's portfolio is constructed utilising investments that provide exposure to different asset classes, the returns from which have low correlation. The aim of this strategy is to provide an appropriate risk adjusted return on the whole, so as to strengthen diversification and consequently reduce the overall effect on asset specific risk.

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The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

10. Financial Risk Management (Continued)

(a) Risk Management Framework (Continued)

Dynamic Asset Allocation (DAA) is a strategy used by investment managers to achieve exposure to various asset classes and principal protection. The Investment Manager of the QIC Growth Fund sets asset allocation targets within the approved DAA and adjusts the asset allocation targets to allow the portfolio to move within the DAA ranges, depending on expected future asset class returns.

The Public Trustee uses different methods to measure different types of risk to which the Trust is exposed. These methods include sensitivity analysis (for interest rate and price risks) and ratings analysis for credit risk.

(b) Market Risk

Market risk is the risk that the fair value of the investments will fluctuate due to changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and price risk.

(i) Price Risk

Investments in QIC unit trusts held at fair value through profit or loss are particularly exposed to price risk associated with changes in the property and equity markets.

As the Trust's portfolio is constructed using a range of unlisted unit trusts that provide exposure to different assets classes, the price risk is also represented by changes in interest rates and foreign exchange rates that the unlisted unit trusts is exposed to.

The Investment Manager of the QIC Growth Fund mitigates price risk through diversification and a careful selection of investments within the DAA ranges.

The following table is a summary of the DAA ranges pertaining to the QIC Growth Fund and the exposure of the Trust to these asset classes on reporting date.

| QIC Growth Fund Asset Class | Ranges Dynamic Asset Allocation Ranges | | Actual Exposure 30 June 2019 | Actual Exposure 30 June 2018 |
|--------------------------------|---|---------|------------------------------------|------------------------------------|
| | Ranges | | | |
| | Minimum | Maximum | | |
| Global equities | 25% | 75% | 57% | 54% |
| Global fixed interest | -15% | 35% | 6% | 7% |
| Other alternatives | -10% | 40% | 12% | 14% |
| Cash | -15% | 35% | 17% | 15% |
| Global real estate | 0% | 15% | 4% | 5% |
| Global infrastructure | 0% | 15% | 3% | 3% |
| Global private equity | 0% | 10% | 1% | 2% |

The following table summarises the impact on the Trust's net assets attributable to unitholders of an increase/decrease in the value of the Trust's investment in unlisted unit trusts. The analysis is based on the assumptions that the unlisted unit trusts' net asset values increased by 12.0% (2018: 9.0%) and decreased by 12.0% (2018: 9.0%) with all other variables held constant.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

10. Financial Risk Management (Continued)

(b) Market Risk (Continued)

(i) Price Risk (Continued)

| | 2019 | 2018 |
|--|--------------|--------------|
| Impact on Operating Profit/Net Assets Attributable to Unitholders | \$000 | \$000 |
| Fair value of investments in unlisted unit trusts increased by 12.0% (2018:9.0%) | 40,416 | 29,096 |
| Fair value of investments in unlisted unit trusts decreased by 12.0% (2018:9.0%) | (40,416) | (29,096) |

The sensitivity analysis presented is based upon the portfolio composition as at 30 June. The composition of the Trust's investment portfolio is expected to change over time. The sensitivity analysis prepared as at 30 June is not necessarily indicative of the effect on the Trust's net assets attributable to unitholders of future movements in the value of the investments in unlisted unit trusts.

The 12.0% change in the fair value of investments in unlisted unit trusts has been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in the fair value of investments in the unlisted unit trusts.

However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of and/or correlation between the performances of economies, markets and securities in which the Trust has exposure. As a result, historic variations in risk variables should not be used to predict future variations in risk variables.

(c) Credit Risk

The Trust is exposed to credit risk, which is the risk that a counter party will be unable to pay the amounts in full when they fall due.

The main concentration of credit risk, to which the Trust is exposed, arises from the Trust's investments in unlisted unit trusts. The Trust is also exposed to a counterparty credit risk on cash and cash equivalents and other receivables.

(i) Unlisted Unit Trusts

The credit risk arising on investments in unlisted unit trusts is mitigated by investing with QIC who is well recognised and has a proven track record of delivering on its stated investment objectives. Continual monitoring of QIC by the Public Trustee is also carried out on an ongoing basis.

QIC separately carries out extensive due diligence on any proposed underlying investment managers prior to making an investment allocation to ensure these managers are well recognised and have a proven track record of delivering on their stated investment objectives.

(ii) Cash and Cash Equivalents

The exposure to credit risk for cash and cash equivalents is low as all counterparties have a rating of AA- (as determined by Standard and Poor's) or higher.

The investment team of the Public Trustee monitors the Trust's credit position on a daily basis.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

10. Financial Risk Management (Continued)

(d) Liquidity Risk

Liquidity risk is the risk that the Trust may not be able to generate sufficient cash resources to settle its obligations in full as they fall due, or can only do so on terms that are materially disadvantageous.

The Growth Trust invests primarily in the QIC Growth Fund and manages liquidity by maintaining an investment range of between 0.0% and 1.0% of its assets in cash (either through the QIC Cash Enhanced Fund or cash at bank).

At reporting date all cash is held within the Trust's bank account.

The Trust has been exposed to daily cash redemptions of redeemable units during the financial year. This changed to twice weekly on 5th November 2018. Investments in unlisted unit trusts expose the Trust to the risk that the manager of those unlisted unit trusts may be unwilling or unable to fulfil the redemption requests within the timeframe requested by the Trust.

In order to manage the Trust's overall liquidity, the Public Trustee has the discretion to defer or adjust redemption of units if the exercise of such discretion is in the best interests of unitholders.

Units are redeemed on demand at the unitholder's option (except as noted above). Accordingly for both the 2018 and 2019 financial periods, the Trust's non-derivative financial liabilities contractual maturity is classified within 1 month. However, the Public Trustee does not envisage that the contractual maturity will be representative of the actual cash outflows, as holders of these instruments typically retain them for the medium to long term.

11. Events Occurring after the Reporting Period

There were no significant events that have occurred since the end of the reporting period which would impact on the financial position of the Trust disclosed in the statement of financial position as at 30 June 2019 or on the results and cash flows of the Trust for the period ended on that date.

12. Contingent Assets and Liabilities and Commitments

There are no outstanding contingent assets, liabilities or commitments as at 30 June 2019 and 30 June 2018.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

OTHER INFORMATION

13. Key Management Personnel

(a) Trustee

The trustee of the Trust is the Public Trustee of Queensland.

(b) Details of Key Management Personnel

Key management personnel that held positions of authority and responsibility for planning, directing and controlling the activities of the Trust during the financial year (and the previous financial year where relevant), unless otherwise stated, were key management personnel of the Public Trustee comprising:

| Position | Responsibilities |
|---|--|
| The Public Trustee of Queensland | The Public Trustee of Queensland is responsible for administering the fiduciary obligations of the Trust. |
| Executive Director, Investment and Finance Services and CFO | The Executive Director, Investment and Finance Services and CFO is responsible for the strategic direction of the Trust. |
| Director, Investment and Taxation Services | The Director, Investment and Taxation Services is responsible for the operational management of the Trust. |

14. Related Party Transactions

(i) Transactions with people/entities related to Key Management Personnel

No key management personnel had any personal unit holdings or transactions with the Trust.

No compensation was directly attributable to key management personnel.

(ii) Trustee Fees and Other Transactions

Under the terms of the Trust's Trust Deed and product information statement, the Public Trustee is entitled to receive Trustee fees, calculated daily on the Trust's net asset value and paid monthly in arrears.

The fee covers the usual expenses incurred and includes the QIC's investment management fees charged to the Public Trustee in respect of each of the QIC Trusts and covers other expenses incurred by the Public Trustee such as auditing, accounting expenses and ongoing maintenance of the unit registry.

The annual Trustee fees are grossed up for GST and reduced by the Reduced Input Tax Credits (RITCs) allowed. The annual Trustee fee of the Trust (including GST and reduced by RITCs) is 1.52% (2018: 1.52%).

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2019

14. Related Party Transactions (Continued)

(iii) Trustee Fee Rebate

Trustee fee rebate a reduction in trustee fees that is available for investors holding more than \$100,000. This rebate is calculated based on the value of each investor's holding at the close of each month. The tiered Trustee fee rebate structure is as follows:

| Net asset value | 30 June 2019 | 30 June 2018 |
|-----------------|--------------|--------------|
| | Rebate % | Rebate % |
| First \$100,000 | - | - |
| Next \$150,000 | 0.15% | 0.15% |
| Next \$250,000 | 0.40% | 0.40% |
| Next \$500,000 | 0.45% | 0.45% |
| Next \$9M | 0.85% | 0.85% |
| Next \$15M | 1.00% | 1.00% |
| Over \$25M | 1.05% | 1.05% |

15. Taxation

(i) Income Tax

Under current legislation, the Trust is not subject to income tax as unitholders are presently entitled to the income of the Trust. The benefit of imputation credits and foreign tax paid are passed on to unitholders.

(ii) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Trust by third parties such as trustee fees have been passed onto the Trust. The Trust qualifies for RITCs at a rate of 55% (2018: 55%); hence expenses have been recognised in profit or loss net of the amount of GST recoverable from the Australian Taxation Office (ATO). Payables are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the statement of financial position. Cash flows relating to GST are included in the statement of cash flows on a gross basis.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements
Year Ended 30 June 2019

16. First Year Application of New Accounting Standards or Change in Accounting Policy

Voluntary Changes in Accounting Policy

No voluntary changes in accounting policies have occurred during the 2018-19 financial year.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2018-19.

Accounting Standards Applied for the First Time

Other than AASB 9 *Financial Instruments*, which is detailed below, no accounting standards that apply to the Public Trustee for the first time in 2018-19 have any material impact on the financial statements.

Changes in Accounting Policies - AASB 9 *Financial Instruments*

The Public Trustee applied AASB 9 *Financial Instruments* for the first time in 2018-19. Comparative information for 2017-18 has not been restated and continue to be reported under AASB 139 *Financial Instruments: Recognition and Measurement*.

Beginning 1 July 2018, all financial assets in Note 7 have continued to be classified at fair value through profit or loss with no change from their existing measurement basis under AASB 9 *Financial Instruments*. As a result, there has been no change to the opening balances of these financial assets.

The introduction of the new impairment model under AASB 9 has not impacted the Trust as the Trust's investments continue to be held at fair value through profit or loss.

17. Future Impact of Accounting Standards Not Yet Effective

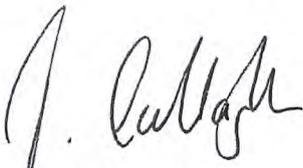
All other Australian accounting standards and interpretations with future effective dates are either not applicable to the Trust's activities, or have no material impact on the Trust.

The Public Trustee of Queensland Growth Trust
The Public Trustee of Queensland's Declaration
Year Ended 30 June 2019

In the opinion of the Public Trustee of Queensland:

- a) These general purpose financial statements have been prepared pursuant to the Trust Deed Poll and any Supplemental Trust Deed Polls, the *Public Trustee Act 1978* (the Act) and other prescribed requirements;
- b) The prescribed requirements for establishing and keeping the accounts have been complied with in all material respects; and

We acknowledge responsibility under section 8 and section 15 of the *Financial and Performance Management Standard 2009* for the establishment and maintenance, in all material respects, of an appropriate and effective system of internal controls and risk management processes with respect to financial reporting throughout the reporting period.



Justine Callaghan
BCom CPA CMA GAICD
Executive Director Investment &
Finance Services & CFO



Samay Zhouand
BA LLB
Acting Public Trustee of
Queensland and CEO

Brisbane
27 August 2019

Brisbane
27 August 2019

INDEPENDENT AUDITOR'S REPORT

To the Trustee and Unit Holders of The Public Trustee of Queensland Growth Trust

Report on the audit of the financial report

Opinion

I have audited the accompanying financial report of The Public Trustee of Queensland Growth Trust

In my opinion, the financial report:

- a) gives a true and fair view of the trust's financial position as at 30 June 2019, and its financial performance and cash flows for the year then ended
- b) complies with the Trust Deed Poll of The Public Trustee of Queensland Growth Trust dated 10 July 1996 and any Supplemental Trust Deed Polls and Australian Accounting Standards.

The financial report comprises the statement of financial position as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes to the financial statements including summaries of significant accounting policies and other explanatory information, and the trustee's declaration.

Basis for opinion

I conducted my audit in accordance with the *Auditor-General of Queensland Auditing Standards*, which incorporate the Australian Auditing Standards. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

I am independent of the trust in accordance with the 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 report in Australia. I have also fulfilled my other ethical responsibilities in accordance with the Code and the *Auditor-General of Queensland Auditing Standards*.

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

Other information

Other information comprises the information included in the Public Trustee of Queensland's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.

The Trustee is responsible for the other information.

My opinion on the financial report does not cover the other information and accordingly I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial report, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Responsibilities of the Trustee for the financial report

The trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Trust Deed Poll of The Public Trustee of Queensland Growth Trust dated 10 July 1996 and any Supplemental Trust Deed Polls and Australian Accounting Standards, and for such internal control as the trustee determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

The trustee is also responsible for assessing the trust's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the trust or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

My objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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

- Identify and assess the risks of material misstatement of the financial report, 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 expressing an opinion on the effectiveness of the trust's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trust.
- Conclude on the appropriateness of the trust'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 trust'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 report or, if such disclosures are inadequate, to modify my opinion. I base my conclusions on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the trust to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

I communicate with the 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.



28 August 2019

John Welsh
as delegate of the Auditor-General

Queensland Audit Office
Brisbane

Compliance Checklist

| Summary of requirement | | Basis for requirement | Annual report reference |
|---------------------------------------|--|--|-------------------------|
| Letter of compliance | <ul style="list-style-type: none"> A letter of compliance from the accountable officer or statutory body to the relevant Minister/s | ARRs – section 7 | iv |
| Accessibility | <ul style="list-style-type: none"> Table of contents | ARRs – section 9.1 | lii |
| | <ul style="list-style-type: none"> Glossary | | 53 |
| | <ul style="list-style-type: none"> Public availability | ARRs – section 9.2 | ii |
| | <ul style="list-style-type: none"> Interpreter service statement | <i>Queensland Government Language Services Policy.</i> ARRs – section 9.3 | ii |
| | <ul style="list-style-type: none"> Copyright notice | <i>Copyright Act 1968</i> ARRs – section 9.4 | ii |
| | <ul style="list-style-type: none"> Information Licensing | <i>QGEA – Information Licensing.</i> ARRs – section 9.5 | ii |
| General information | <ul style="list-style-type: none"> Introductory Information | ARRs – section 10.1 | 1 |
| | <ul style="list-style-type: none"> Machinery of Government changes | ARRs – sections 10.2, 31 and 32 | N/A |
| | <ul style="list-style-type: none"> Agency role and main functions | ARRs – section 10.2 | 4-5 |
| | <ul style="list-style-type: none"> Operating environment | ARRs – section 10.3 | 1, 10-13 |
| Non-financial performance | <ul style="list-style-type: none"> Government's objectives for the community | ARRs – section 11.1 | 16 |
| | <ul style="list-style-type: none"> Other whole-of-government plans / specific initiatives | ARRs – section 11.2 | N/A |
| | <ul style="list-style-type: none"> Agency objectives and performance indicators | ARRs – section 11.3 | 15 |
| | <ul style="list-style-type: none"> Agency service areas and service standards | ARRs – section 11.4 | 18 |
| Financial performance | <ul style="list-style-type: none"> Summary of financial performance | ARRs – section 12.1 | 18 |
| Governance – management and structure | <ul style="list-style-type: none"> Organisational structure | ARRs – section 13.1 | 29 |
| | <ul style="list-style-type: none"> Executive management | ARRs – section 13.2 | 25 |
| | <ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) | ARRs – section 13.3 | 33 |

| | | | |
|--|--|--|---|
| | <ul style="list-style-type: none"> • Public Sector Ethics Act 1994 | <i>Public Sector Ethics Act 1994.</i> ARRs – section 13.4 | 38 |
| | <ul style="list-style-type: none"> • Queensland public service values | ARRs – section 13.5 | 39 |
| Governance – risk management and accountability | <ul style="list-style-type: none"> • Risk management | ARRs – section 14.1 | 44 |
| | <ul style="list-style-type: none"> • Audit committee | ARRs – section 14.2 | 34 |
| | <ul style="list-style-type: none"> • Internal audit | ARRs – section 14.3 | 45 |
| | <ul style="list-style-type: none"> • External scrutiny | ARRs – section 14.4 | 45 |
| | <ul style="list-style-type: none"> • Information systems and recordkeeping | ARRs – section 14.5 | 46 |
| Governance – human resources | <ul style="list-style-type: none"> • Strategic workforce planning and performance | ARRs – section 15.1 | 47 |
| | <ul style="list-style-type: none"> • Early retirement, redundancy and retrenchment | Directive No.04/18 <i>Early Retirement, Redundancy and Retrenchment</i> ARRs – section 15.2 | 47 |
| Open Data | <ul style="list-style-type: none"> • Statement advising publication of information | ARRs – section 16 | ii |
| | <ul style="list-style-type: none"> • Consultancies | ARRs – section 33.1 | https://data.qld.gov.au |
| | <ul style="list-style-type: none"> • Overseas travel | ARRs – section 33.2 | https://data.qld.gov.au |
| | <ul style="list-style-type: none"> • Queensland Language Services Policy | ARRs – section 33.3 | https://data.qld.gov.au |
| Financial statements | <ul style="list-style-type: none"> • Certification of financial statements | FAA – section 62. FPMS – sections 42, 43 and 50. ARRs – section 17.1 | 99, 120 |
| | <ul style="list-style-type: none"> • Independent Auditor’s Report | FAA – section 62 FPMS – section 50 ARRs – section 17.2 | 100-102, 121-123. |

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

QGEA *Queensland Government Enterprise Architecture*

