

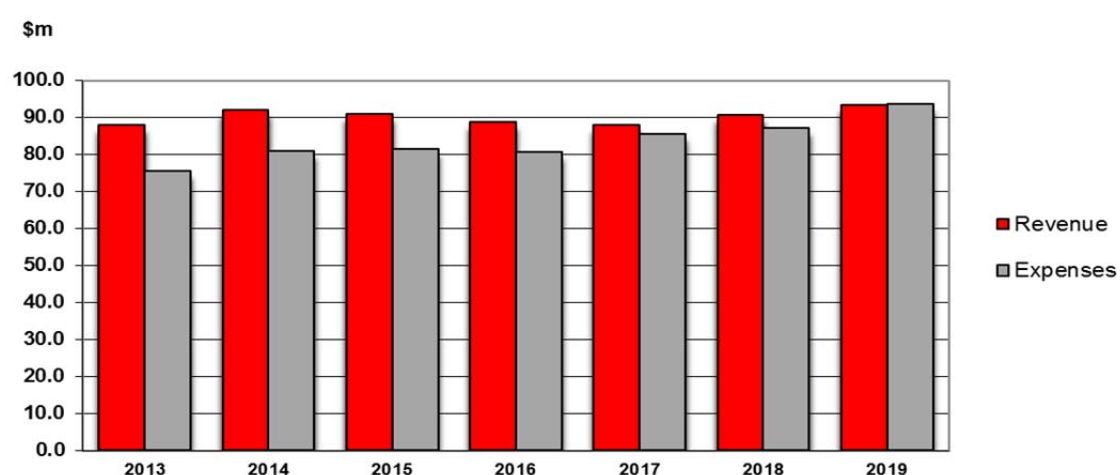
Financial performance

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

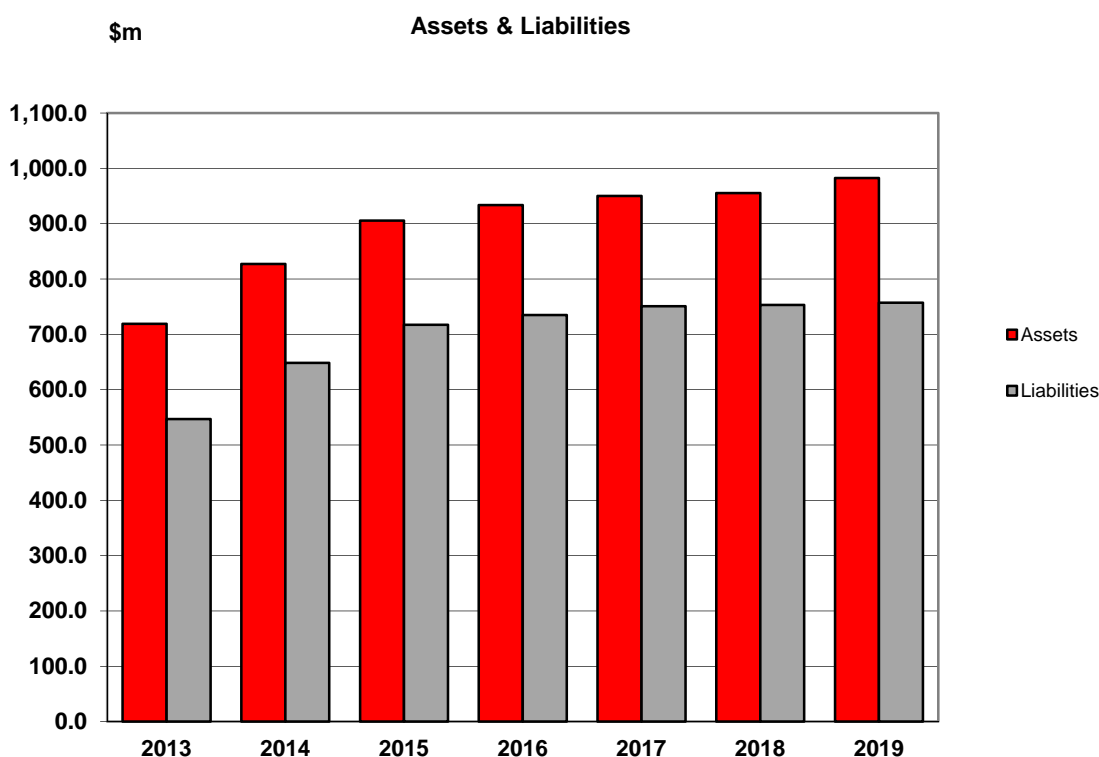
The Public Trustee's liabilities include amounts held for clients, amounts owing to staff for leave entitlements and amounts owed to suppliers. Total liabilities were \$757.8 million as at 30 June 2019, an increase of \$4.7 million from the previous year. The increase in liabilities is primarily due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