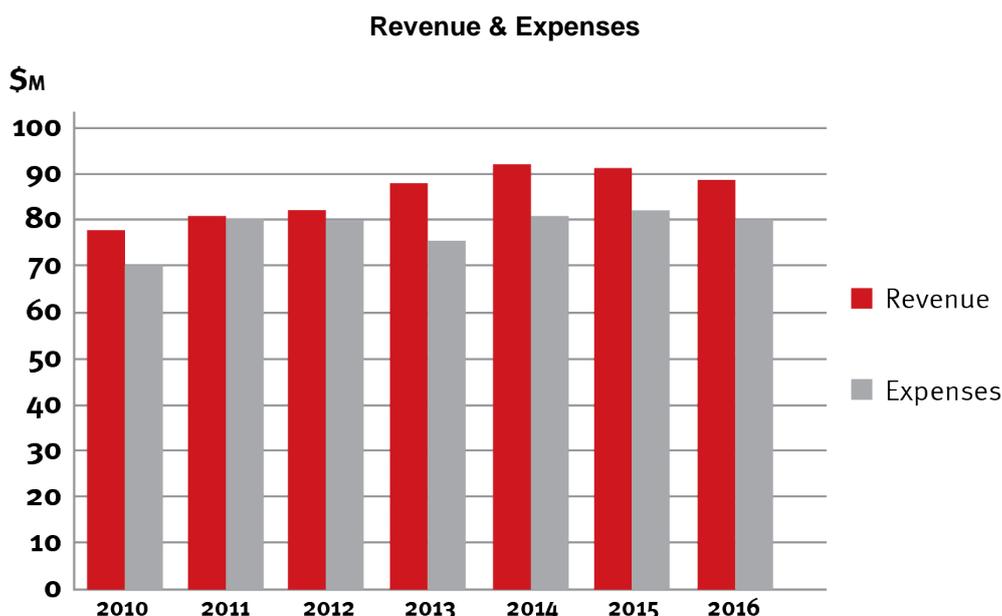


# Financial performance

The Public Trustee's Financial Statements are included from page 44.

The Public Trustee has achieved a strong financial result for 2015–16, recording an operating surplus of \$8.1 M. The financial performance benefited from savings in employee expenses due to a number of staff vacancies throughout the year, higher than anticipated Unclaimed Moneys fees and robust investment revenue.

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



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

Revenue sources	2014–15	2015–16
Fees and Charges	57%	59%
Interest Revenue	37%	36%
Other Revenue	6%	5%
<b>Total Revenue</b>	<b>100%</b>	<b>100%</b>

Gross revenue from fees and charges increased by 2 per cent from the previous year. The majority of Community Service Obligations are deducted from gross fees to arrive at net fees and charges reported in the financial statements, with the remaining Community Service Obligations amount recorded in contributions expense. This year, we provided a total of \$31.3 M in Community Service Obligations at no cost to the Queensland community which was a 3.2 per cent increase from the previous year. The main driver of the increase in Community Service Obligations was an 8.6 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. Other revenue decreased 26 per cent with a reduction of \$0.5 M from proceeds from insurance claims.

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

<b>Expenditure</b>	<b>2014–15</b>	<b>2015–16</b>
Employee Expenses	55%	58%
Supplies and Services	21%	20%
Interest Expense	18%	16%
Depreciation and Amortisation	2%	2%
Contributions	2%	2%
Other Expenses	2%	2%
<b>Total Expenditure</b>	<b>100%</b>	<b>100%</b>

Total expenses reduced 1 per cent from the previous year. Non-employee expenses reduced by 8 per cent due to a decrease in interest rate expense, with lower interest rates in comparison to the previous year. In addition, supplies and services expenditure has decreased predominantly due to lower reactive building maintenance spend across all regions, reduced archival services costs and lower investment fees.

Employee expenses increased as a result of a 2.5 per cent increase in staff salaries in the 2015–16 year and the payment of \$1,300 (subject to tax) to relevant staff pursuant to the *State Government Entities Certified Agreement 2015*.

## 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 in the Common Fund were comprehensively revalued during the 2015–16 financial year as a result of indicators demonstrating that the asset class had experienced a significant and volatile change in fair value. In June 2016, land and building values were updated based on specific appraisals, which resulted in a \$0.5 M decrease in the asset revaluation surplus.

The market value of the Public Trustee's financial assets recorded unrealised gains of \$2.8 M, due to the downward movement of interest rates. These factors resulted in total other comprehensive income of \$2.3 M for 2015–16, which combined with the operating surplus, resulted in total comprehensive income of \$10.4 M for 2015–16.

## Statement of Financial Position

### Total Assets

Total assets comprise:

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

As at 30 June 2016, the Public Trustee held \$934 M in assets, an increase of \$28 M from 30 June 2015, mainly due to a larger investment portfolio compared to prior year, with the termination of the Higher Growth Trust, Conservative Fund and the Australian Equities Fund during August 2015. As a result of the termination of these three funds, \$25.7 M was transitioned to the Common Fund.

**Total Liabilities**

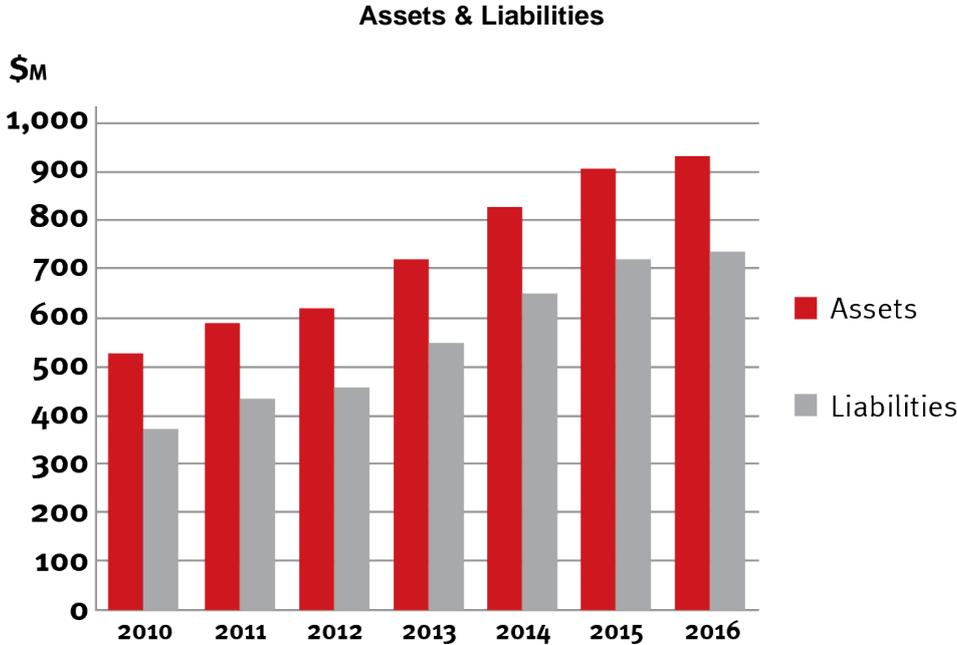
The Public Trustee’s liabilities include amounts held for clients, amounts owing to employees for leave entitlements and amounts owed to suppliers.

Total liabilities were \$735 M as at 30 June 2016, an increase of \$18 M since the previous year. The increase in liabilities is mainly due to an increase in amounts held on behalf of clients resulting from the termination of the three investment funds mentioned above.

**Statement of Changes in Common Fund Reserves**

Total Common Fund reserves are \$199 M as at 30 June 2016, which is an increase of \$10 M from the prior year. This is due to the strong operating surplus achieved during the 2015–16 financial year.

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



**Prospective Outlook**

A small budgetary surplus is forecast for the 2016–17 financial year. This accommodates increasing the front line services for better serving our clients.

**Chief Finance Officer Statement**

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

## Public Trustee of Queensland Investment Fund – Growth Trust

---

The Public Trustee Investment Funds were 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 Public Trustee of Queensland Growth Trust (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 Growth Trust gains diversification through the exposure to various asset classes and investment sectors, appropriate to its specific objective and risk appetite, by investing in a number of wholesale trusts operated by QIC.

The 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 and performance for the applicable period ending 30 June 2016 is as follows:

Fund	CPI Objective (after fees)	Objective Target Return (%)	Annualised Return (%)
Growth Trust	CPI + 1.9% over rolling 10 years	4.4%	3.4%

---

In last year's annual report the Public Trustee stated that the Public Trustee of Queensland Conservative Fund, the Public Trustee of Queensland Australian Equities Fund and the Public Trustee of Queensland Higher Growth Trust were to be closed by the end of August 2015. These three funds were closed in August 2015, and as a result, the Growth Trust is the primary investment vehicle for clients who need a growth investment.

This annual report includes financial statements for the Growth Trust and the final financial statements for the Conservative Fund, the Australian Equities Fund and the Higher Growth Trust for the period 1 July 2014 to 31 August 2015.

Further information on the Growth Trust is available in its product information statement and additional information is available on our website at [www.pt.qld.gov.au/investments/funds](http://www.pt.qld.gov.au/investments/funds).