



ANNUAL REPORT

2017 – 18



Communication objective

This annual report provides information about The Public Trustee's financial and corporate performance for 2017–18. 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 2017–18 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



27 August 2018

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

Dear Attorney-General

I am pleased to submit for presentation to the Parliament the Public Trustee's Annual Report 2017-18 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 the end of the annual report.

Yours faithfully

Peter Carne
The Public Trustee of Queensland

From the CEO

This past year has been an exciting and productive time for the Public Trustee. The population of our great State has climbed to over 5 million people, and I am seeing an increasing demand for our core services. The increase is due in part to the effect of the Baby Boomer generation reaching retirement age - this generation controls much larger and more complex asset structures than any previous generation, and is expected to live longer.

These factors will continue to drive an increase in clients requiring assistance in managing their financial affairs and deceased estates to be administered. The Public Trustee is focused on delivering quality frontline services that respond to these changing client and community needs. Our Strategic Plan articulates our purpose: to lead the evolution and delivery of trustee, estate and administration services that make a positive difference in the lives of Queenslanders.

To support the delivery of these services, in 2017–18 we implemented a range of key strategic and operational initiatives which are detailed in this report. We commenced an organisation-wide business transformation to deliver organisational capability, process and technology changes aligned with our strategic objectives and to support future business needs. In particular, we have initiated digitisation projects which will deliver organisational efficiencies and sustainable improvement in business processes. Increased digital capabilities will also enhance our clients' experience, as we make it easier, faster and more efficient for people to access our information and services whether that is online, over the phone, or in person.

Nearly half of our staff are based outside of Brisbane, and in the 2017–18 financial year we invested in upgrades to regional offices aimed at enhancing the accessibility and effectiveness of our regional and remote service delivery.

We held our annual Wills Week from 31 July to 6 August 2017, promoting awareness in the community of the importance for every Queenslander over 18 to have a valid Will. A Will is the most effective way for a person to ensure there is a smooth transfer of their assets to their relatives or other beneficiaries on their death. A large number of Queenslanders either do not have a Will or their Will does not meet their current needs or circumstances. The Public Trustee has provided a Will preparation service to the people of Queensland since 1916. This service is provided free of charge regardless of whether or not we are appointed executor of the Will. In 2017–18, we made 28,272 Wills for Queenslanders and there are now over 1 million Wills safeguarded in our state of the art Wills bunker.

In February this year, we launched our Client Service Charter – our public commitment to clients about the experience they will receive from us. I am pleased to say I see that commitment brought to life in our offices and client service centres across the State by dedicated staff supporting each other and our clients with professionalism, empathy and respect.

The Public Trustee supports some of the most vulnerable members of the community. Members of our Executive Management Team and I took part in the Vinnies CEO Sleepout in June this year, to better understand the daily struggle of thousands of Queenslanders currently experiencing homelessness. Together we raised over \$14,000 which will go towards providing food, electricity and accommodation to over 116,000 people in need.

The progressive rollout of the National Disability Insurance Scheme continues to be a priority for the Public Trustee. We have worked closely with our clients, other Queensland Government agencies, the National Disability Insurance Agency and important stakeholders to ensure that all clients who are eligible for services are registered for the Scheme. Implementing a range of supports, including dedicated resources and training, we have been able to facilitate the enrolment of approximately

5,051 clients in completed regions and are currently managing registration for the final two phasing regions.

Some of the Public Trustee's clients may also be eligible to apply for redress under the National Redress Scheme for Institutional Child Sexual Abuse, and in the coming year we will work with other agencies to determine how we may assist our clients in accessing the Scheme.

An enduring priority for the Public Trustee is to fulfil our Community Service Obligations (CSOs). We deliver a wide variety of CSOs, including:

- financial administration for adults with impaired decision-making capacity where the cost of providing that service cannot be paid for in full from the adult's own funds
- our free Will-making service
- community education and advice to courts and tribunals in areas where we have expertise, including adults with impaired capacity, deceased estates, attorneys and enduring powers of attorney, and trust administration
- funding to the Office of the Public Guardian (which protects the rights of adults with impaired capacity)
- financial assistance under the Civil Law Legal Aid Scheme to individuals who have civil actions (mostly personal injury cases) but not sufficient funds to pay for outlays involved in advancing litigation (for example, the cost of medical reports). We partner with Legal Aid to provide the Scheme.





We provided CSOs valued at more than \$35.6 M to the Queensland community in 2017–18, a demonstration of our commitment to making a positive difference in the lives of Queenslanders.

I am very proud of and thankful for the efforts of our staff, who contribute their ideas, skills and knowledge freely and openly. They are engaged, empowered and committed to putting our clients first. Led by our experienced Executive Management Team and supported by our robust governance frameworks, we are well placed to embrace the opportunities and address the challenges which will present themselves in the coming year.



Peter Carne
Chief Executive Officer and The Public Trustee of Queensland

Snapshot of the Public Trustee in 2017–18

 <p>\$2.7 B total assets under management</p>	 <p>\$35.6 M in CSOs at no cost to Government</p>	 <p>Strong operating surplus of \$3.4 M</p>
 <p>28,272 free Wills made</p>	 <p>9,811 financial management clients¹</p>	 <p>5,051 clients registered for the NDIS</p>
 <p>4,540 trusts administered</p>	 <p>3,477 EPA documents made</p>	 <p>2,221 new deceased estates accepted for administration</p>
 <p>584 full time equivalent staff</p>	 <p>Over 110,000 calls answered by the Welcome Desk</p>	 <p>\$92 M in property sales</p>

¹ Comprised of 9,048 adults with impaired decision-making capacity, 251 clients for whom we act as financial attorney and 512 prisoner estates.

About The Public Trustee

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 receives no financial assistance from the Queensland Government. Operating as a corporation sole, we provide financial, trustee and legal services to the people of Queensland.

In providing our services we aim to ensure:

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

Where to find us

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



We also provide services outside of the above locations through the Queensland Government Agent Program (QGAP) and the local court networks. For further information on the location of our offices or outreach locations please refer to pages 42-44 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 values

On page 34, we demonstrate how The Public Trustee is implementing and embedding these values into all areas of our operations.



Customers first



Ideas into action



Unleash potential



Be courageous



Empower people

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

Companies (Acquisition of Shares) (Application of Laws) Act 1981

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

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

Local Government Electoral Act 2011

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 his 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 a decision-making incapacity
- 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 he undertakes on behalf of the Public Trustee, for example:

- 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 child of a deceased person. There were 118 referrals to the Official Solicitor in the last year in relation to potential applications and 75 referrals to the Official Solicitor where the Public Trustee is administering the deceased estate. Importantly, all mediations that the Official Solicitor attended during the year involving a family provision application (whether representing the Applicant or the Respondent) resulted in a settlement.
- The Public Trustee continues to find himself appointed administrator for an adult with impaired capacity in circumstances where that adult has been the subject of financial elder 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 extremely 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 has observed an increase in the number of clients with complex financial affairs. For example, clients who are company directors, often relating to corporate structures set up for the Public Trustee client's Self-Managed Superannuation Fund.

While it is not unusual for the Public Trustee to bring an Application to the Supreme Court for the construction of a Will, in the matter of *The Public Trustee of Queensland v Neary & Ors [2018] QSC 9* the Public Trustee found it necessary to identify the members of four different generations of a family and the Official Solicitor was required to serve over 100 Respondents. The Will in question referred to a gift to "all my great nieces and nephews" and the same gift to various "grand-children". The Testator had died without issue but had many living relations. As all parties that might be affected by a Will construction had to be served, logistically this became a very large undertaking.

Our 2017–18 achievements



Driving value for clients

- \$35.6 M in CSOs delivered at no cost to Government including
 - fees rebated for some clients with limited assets
 - 28,272 free Wills made
 - public education in areas such as Wills and EPAs with an emphasis on planning for life
 - 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 9,048 clients
- managing the estates of 512 prisoners
- acting as financial attorney for 251 clients
- managing 4,540 trusts
- making 3,477 EPAs
- accepting 2,221 new deceased estates for administration and reducing our average time to administer
- continuing to enhance frontline service delivery through:
 - demonstrating our commitment to our clients through the introduction of our Client Service Charter
 - introducing Express Will Appointments for clients who wish to update their existing Will with the Public Trustee
 - expanding and promoting our real estate model to enhance the overall client experience for deceased estates and financial management administration services including the sale of 236 properties valued at \$92 M.



Sustainable reinvestment to support business objectives

- maintaining strong financial performance which resulted in an operating surplus of \$3.4 M
- investing in capital upgrades for regional offices in recognition of our commitment to regional service delivery
- investing in digitisation projects to deliver organisational efficiencies and sustainable improvements in business processes.



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
 - establishing a partnership with the JPs in the Community Program, an initiative of the Justices of the Peace Branch, Department of Justice and Attorney-General. The partnership aims to educate Justices of the Peace (JPs) about life planning and estate administration. We provide JPs with current information regarding the witnessing of Wills and EPA documents, and we are available to respond to enquiries generated by the general public as they engage with the Program
- continuing to support philanthropic endeavours through the financial management of charitable and philanthropic trusts.



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
- redesigning our client surveys to better 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 16)
- fostering expertise in service delivery through operating five Centres of Excellence (Testamentary Trusts, Minors Trusts, Group Housing, 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 building a specialist knowledge base.



Engaging and empowering our workforce

- Engaging and empowering our workforce through:
 - coordinating a Recognition of Prior Learning program for all employees who have completed the Level 1 and 2 Technical Training programs to date. This program has enabled 16 eligible employees to achieve a nationally recognised qualification (Certificate IV in Personal Trust Administration)
 - delivering a Wills and Enduring Power of Attorney Accreditation Program
 - a Leadership and Management Development Program for 27 employees, delivered by the Queensland University of Technology (QUT) and aimed at developing the capability and competency of middle managers
 - technical training Level 1 for 25 frontline service delivery employees, focusing on foundational skills for entry level officers
 - technical training Level 2 for 39 employees, focused on complex skills for frontline staff
 - embedding the Queensland Public Service values across the Public Trustee through culture workshops for all employees, including values initiatives such as Values In Action and Confident Customer Conversations.

The progressive rollout of the **National Disability Insurance Scheme (NDIS)** continues to be an area of focus for our organisation, and our NDIS Program was pivotal in 2017–18. This scheme aims to provide about 90,000 Queenslanders under the age of 65 with a permanent and significant disability with the reasonable and necessary supports they need to live an ordinary life. For clients where we are appointed financial administrator for adults with a decision-making incapacity, our emphasis is to ensure they have access to the Scheme.

We have invested considerable effort in communicating with our client base to ensure they are aware of the Scheme, and are progressed towards registering for it. The Public Trustee understands the importance of stakeholder engagement – in particular, engagement with the National Disability Insurance Agency (NDIA). We initiated, and continue to host, the Justices' NDIS Interest Group Meeting of the Justice and Human Rights Agencies (Qld). We also actively engage with the Queensland Directorate of the NDIA (Scheme Implementation), the NDIS Whole of Government Scheme Implementation Regional Programs and the NDIS Project Management Office.

By the time Queensland's NDIS phasing-in is complete in 2019, we will have reviewed approximately 9,000 financial management clients to determine their eligibility for the Scheme. This equates to approximately 6,000 NDIS eligible clients.

During 2017, NDIS registration rollout for our clients was completed for:

- Townsville, Hinchinbrook, Burdekin, west to Mt Isa, and up to the gulf
- Mackay, Isaac and Whitsundays
- Toowoomba and west to the borders
- Ipswich, Lockyer, Scenic Rim and Somerset
- Bundaberg
- Rockhampton, Gladstone and west to the borders.

In 2018, NDIS registration rollout for our clients was completed for:

- Cairns
- Brisbane
- Redcliffe
- Maryborough
- Southport
- Ipswich
- Toowoomba.

Approximately 5,051 clients from Townsville, Mackay, Toowoomba, Ipswich, Bundaberg, Rockhampton, Logan and Redlands, Cairns, Brisbane and Fraser Coast regions have been registered for the Scheme. We are currently managing registration of the Moreton Bay and Sunshine Coast cohort (the final two phasing regions), which will see approximately 826 additional clients registered.

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 also includes performance indicators determining how our objectives will be measured.

The Public Trustee of Queensland Strategic Plan 2016-2020*

100 YEARS
since 1916



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 of delivering quality frontline services and building safe, caring and connected communities. We support vulnerable Queenslanders through our work in guardianship, by facilitating the orderly transfer of assets, and by providing life planning assistance through our Wills and Enduring Powers of Attorney services.

Objectives and Strategies

Performance Indicators



Drive value for clients through tailored services to meet changing needs

- Partner with clients to identify changing needs and demand for services by 2020 and beyond.
- Tailor our services to meet client needs and regional diversity.
- Improve our communication with clients by providing options in the way information is provided.
- Identify new client markets and develop services to meet requirements.

Client focus

- Client demand and preferences are tracked.
- Client satisfaction levels are improved.
- Take-up of services is increased.



Deliver the surplus required to enable sustainable reinvestment that supports current and future business objectives

- Optimise revenue from our business operations to ensure ongoing viability.
- Achieve service delivery cost target.
- Optimise return on our assets to meet business objectives.
- Strengthen and improve core services and identify future opportunities that build additional revenue streams.

Financial

- Revenue from services is increased.
- Return on assets is improved.
- New revenue opportunities are actioned.



Strengthen the Queensland community and government's confidence and value in our services

- Promote knowledge and benefit of the services of the Public Trustee.
- Collaborate and partner with inclusive community representative organisations and government.
- Strengthen positive engagements with our clients and their support networks.
- Enhance accessible and effective regional service delivery for all Queenslanders.

Stakeholder focus

- Stakeholder engagement and satisfaction metrics are implemented and monitored.
- Engagement and partnership activities with client and stakeholder networks are increased.
- Reputation management, branding and marketing activities contribute to greater community awareness.



Implement targeted service delivery models that increase client satisfaction and improve efficiency

- Identify preferred service models for each of the Public Trustee's core functions.
- Implement the preferred service delivery models in a staged manner.
- Develop supporting systems required to ensure agility, providing the foundations for future innovations that meet our clients' changing needs.

Process

- Achieve service delivery cost target.
- Service effectiveness and efficiency metrics are met.
- Implementation of new service delivery models is achieved on time and budget.



Develop an engaged, empowered and flexible workforce with the agility to readily respond to changing imperatives

- Build on our professional and capable workforce with the right skills, knowledge, attitude and tools to meet client and stakeholder expectations.
- Develop increased workforce agility through knowledge management, workforce mobility, embedded diversity strategies and flexible work practices.
- Grow and maintain a highly engaged workforce.

People

- Improvement in workforce capability.
- Employee engagement is increased.
- Workforce capacity is aligned, measured and improved.

Strategic Challenges and Risks

- Maintaining delivery of quality frontline services.
- Ensuring service delivery model and information technology adapts and responds to client, community and business needs.
- Maintaining community confidence in the services we provide.
- Keeping strong leadership and governance frameworks enabling us to effectively respond to changes.
- Ensuring appropriate focus on business as usual while implementing longer term strategic initiatives.
- Continual focus on organisational capabilities and systems.
- Business model viability continues in face of any challenge by external economic factors.
- Meeting an increased demand for services that attract Community Service Obligations.

Our Values

We align to the Queensland Public Service values



Customers first



Ideas into action



Unleash potential



Be courageous



Empower people

The Public Trustee

1300 360 044

www.pt.qld.gov.au

*Reviewed and updated 2017

016/6576

The year ahead

To support our strategies, our key priority for 2018–19 is our business transformation initiative to deliver organisational capability, process and technology changes aligned with our strategic objectives and to support future business needs.

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



Drive value for clients through tailored services to meet changing needs



Implement targeted service delivery models that increase client satisfaction and improve efficiency



Strengthen the Queensland community and government's confidence and value in our services

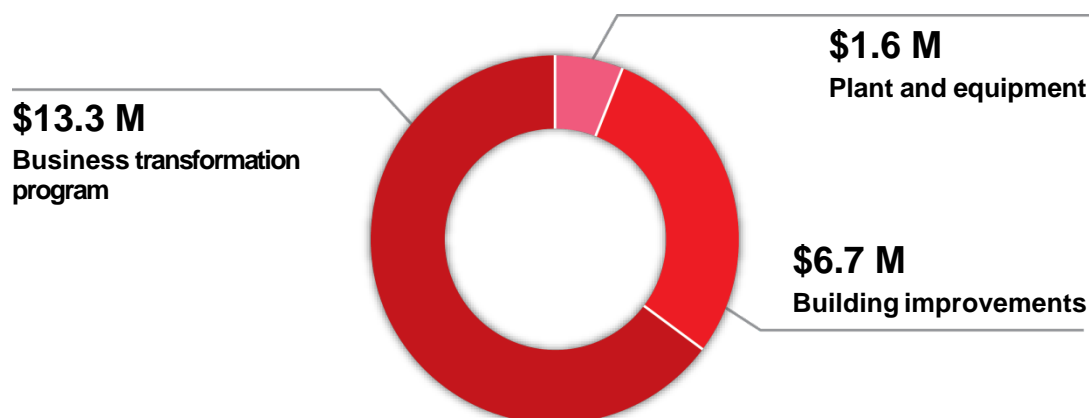
The organisation-wide initiative will include replacing the Public Trustee's core client information system, with a new system to provide a foundation for future innovation and to support our clients' changing needs, establishing information system platforms to facilitate an enhanced client experience (for example, website enhancements including portals providing clients with access to view and manage their information online) and digitisation projects which will deliver organisational efficiencies and sustainable improvement in business processes including records digitisation.

Additional key priorities for 2018–19 include:

- providing ongoing financial management for Queenslanders with impaired financial decision-making capacity
- ensuring strong leadership and governance frameworks to enable us to effectively respond to challenges
- investing in upgrading facilities at regional offices to better service clients
- enhancing frontline service delivery in response to client satisfaction survey outcomes
- continuing to enhance our organisational capability through investment in people and systems.

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, as well as continuing to maintain appropriate work health and safety standards for clients and staff.

During 2018–19 capital expenditure is estimated to be \$21.6 M comprised of:



Meeting challenges in our operating environment

Through our strategic planning, we have identified a number of key risks to achieving our vision and purpose. Increasing demand for services that support vulnerable Queenslanders and attract CSOs impacts our ability to fund service delivery at no cost to Government. We must also maintain community confidence and trust in the services we provide. Changing economic factors, government priorities and customer expectations could adversely affect the viability of our business model. Undertaking environmental scanning to ensure we focus appropriately on business as usual while also implementing longer term strategic initiatives is important.

The challenges posed by these risks present the Public Trustee with the opportunity to:

- deliver quality frontline services that respond to changing client and community needs
- implement new technologies and harness the benefits to be innovative and competitive in our service delivery
- ensure our leadership and governance frameworks enable us to effectively respond to challenges
- actively engage with government and other stakeholders to advocate for positive outcomes for our clients and the community
- implement incremental innovations to deliver improvements to customer and stakeholder experiences
- continue to enhance our organisational capability through investment in people and systems.

Non-financial performance

We contribute to the Queensland Government's objectives for the community of delivering quality frontline services and building safe, caring and connected communities. We provide life planning assistance and facilitate the orderly transfer of assets through our Wills and Enduring Powers of Attorney (EPA) making service, and support vulnerable Queenslanders through our work in financial administration.

For more information about our objectives, please see our Strategic Plan at: www.pt.qld.gov.au.

Queensland Government objectives for the community

The Public Trustee's strategic objectives are aligned with the Queensland Government's objectives for the community. We particularly contributed to two of those objectives as demonstrated below.

Delivering quality frontline services

In 2017–18, we:

- delivered \$35.6 M in CSOs at no cost to the Queensland Government including:
 - fees rebated for some clients with limited assets
 - providing a free Will making service
 - public education in areas such as Wills and EPAs with an emphasis on planning for life
- made 28,272 Wills and 3,477 EPAs
- provided financial administration services for 9,048 adults with impaired decision-making capacity and acted as financial attorney for 251 people
- undertook an ongoing review of service delivery models and locations to better meet growing and changing demographic needs of Queenslanders
- continued to support philanthropic endeavours through the management of philanthropic and charitable trusts (see page 17 for more information).

Building safe, caring and connected communities

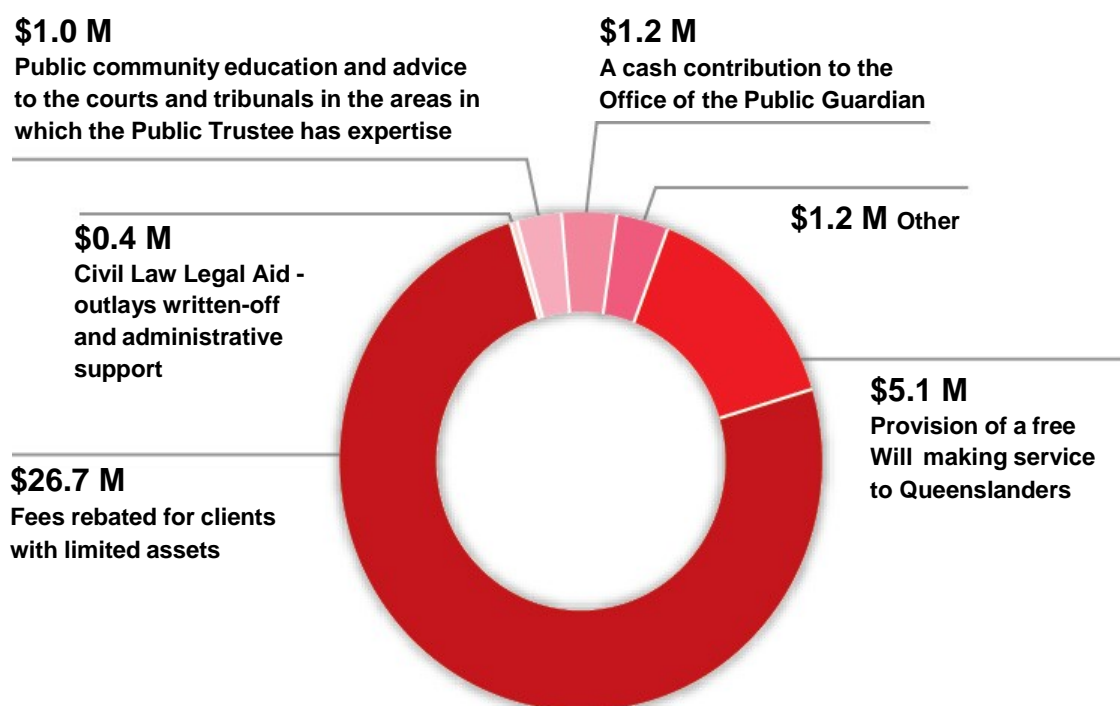
In 2017–18, we:

- supported a range of community services through the Office of the Public Guardian and funding the Civil Law Legal Aid Scheme administered by Legal Aid Queensland
- continued to contribute funding to the Department of Communities, Child Safety and Seniors' *No excuse for elder abuse* campaign
- maintained our Will making outreach services to ensure more Queenslanders can access our services
- provided extensive community education around the importance of having a valid Will and EPA.

Looking to the future, the Public Trustee will continue its focus on utilising advancing technology and digitisation of services to make it faster and more efficient for Queenslanders to access our information and services. In 2018–19, we will demonstrate our commitment to *Our Future State: Advancing Queensland's Priorities* and the Queensland Government's objective to be a responsive Government.

Community Service Obligations (CSOs)

A range of CSOs were provided in 2017–18 including:



The total cost of CSOs delivered for the 2017–18 financial year was \$35.6 M representing an increase of 5.5 per cent from the previous financial year (which was \$33.8 M). An amount of \$37.7 M is budgeted for 2018–19.

Category of CSOs	2017–18 Actual	2018–19 Budget
Fees rebated for clients with limited assets	\$26,693,526	\$28,441,448
Fees rebated for principal residence and other	\$1,159,983	\$736,455
Management of estates of prisoners	\$138,934	\$455,228
Public community education and advice to the courts and tribunals in the areas in which the Public Trustee has expertise	\$952,669	\$1,288,521
Providing a free Will making service to Queenslanders	\$5,088,960	\$5,264,175
Cash contribution to the Office of the Public Guardian	\$1,152,000	\$1,144,000
Civil Law Legal Aid - outlays written-off and administrative support	\$435,792	\$373,164
Total	\$35,621,864	\$37,702,991

CSOs are reported in our Financial Statements in two areas:

- deduction from fee revenue (\$34.0 M 2017–18) where there is a rebate of fees or services provided at no charge
- expenditure (\$1.6 M 2017–18) as contributions towards other sector operations.

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 2017–18* 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.

Service area: Client Experience and Delivery ¹	Notes	2017–18 Target/ Estimate	2017–18 Actual	2018–19 Target/ Estimate
Service standards				
<i>Effectiveness measure</i>				
Overall client satisfaction with the deceased estate administration service as measured by client satisfaction index	2	70%	66%	70%
Overall client satisfaction with financial management service as measured by client satisfaction index	3	70%	70%	70%
Overall client satisfaction with Will preparation services	4	90%	98%	90%
<i>Efficiency measure</i>				
Cost per Will	5	\$198	\$180	\$180

1. This service area was previously comprised of three material services: deceased estate administration, financial management, and Will making. Services have been consolidated to better reflect materiality.
2. 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.
3. 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.
4. 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.
5. This measure is calculated using the total cost of making free Wills divided by the number of Wills drafted and completed in the financial year.

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. 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 have been used to develop and implement a range of operational improvements including communication and supervision strategies, and enhanced financial management and deceased estate processes. The main aim of these changes is to improve the client experience and our service delivery.

Applying a service logic approach and reflecting better practice aligned with contemporary industry standards, in 2017–18 we redesigned our research. The changed methodology includes measuring satisfaction using an 11 point scale rather than the previous 7 point scale. As a result, our effectiveness and efficiency measures remain articulated in the same way but some of our estimated actual results vary slightly from those reported in our Performance Statement (published in the Service Delivery Statement as part of our 2018–19 Budget Papers). Direct comparisons between previous results and the 2017–18 results are not possible. However, the benefits we will derive from our changed methodology in future years far outweigh these minor points.

Looking to the future, we will use the insights and information obtained through this research when implementing targeted service delivery models that increase client satisfaction and improve efficiency.

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 2017–18 and now has funds under management close to \$87.2 M. During the year, QCF paid distributions to a broad range of charities in excess of \$2.5 M.

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 assets close to \$6.6 M.

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



Queensland Aboriginal and Torres Strait Islander Foundation

The 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 close to \$40.4 M.

Scholarships of more than \$1.6 M for 1,051 Indigenous students from 225 Queensland high schools were approved in 2017–18. In total, 7,305 students have been approved for scholarships since the foundation commenced in 2008.

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



Lady Bowen Trust

Established in 2006, the 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 approximately \$5.2 M with distributions totalling close to \$200,000 in 2017–18.

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



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 M with distributions totalling close to \$140,000 in 2017–18.

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



Gladstone Foundation

Established in early 2011, the 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 M. The foundation has net assets of approximately \$7.4 M as at 30 June 2018, with distributions totalling \$1.2 M paid in 2017–18.

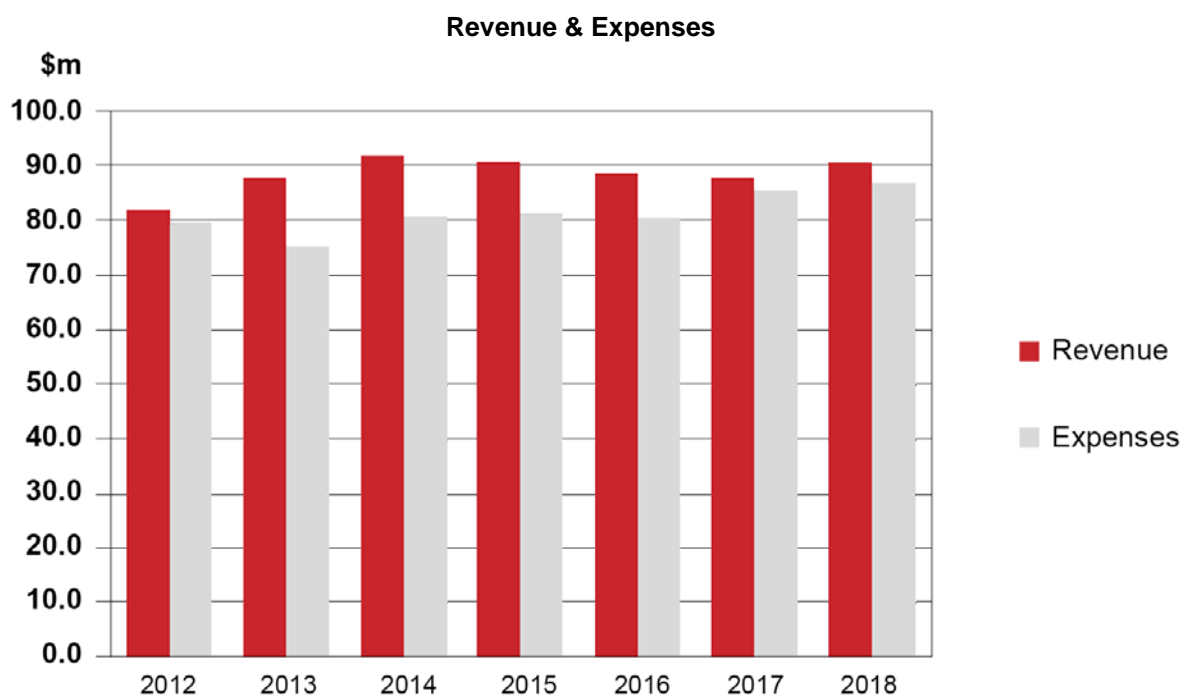
For further information visit www.gladstonefoundation.org.au.

Financial performance

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

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

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



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

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

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

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

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

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

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

Other Comprehensive Income

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

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

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

Statement of Financial Position

Total Assets

Total assets comprise:

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

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

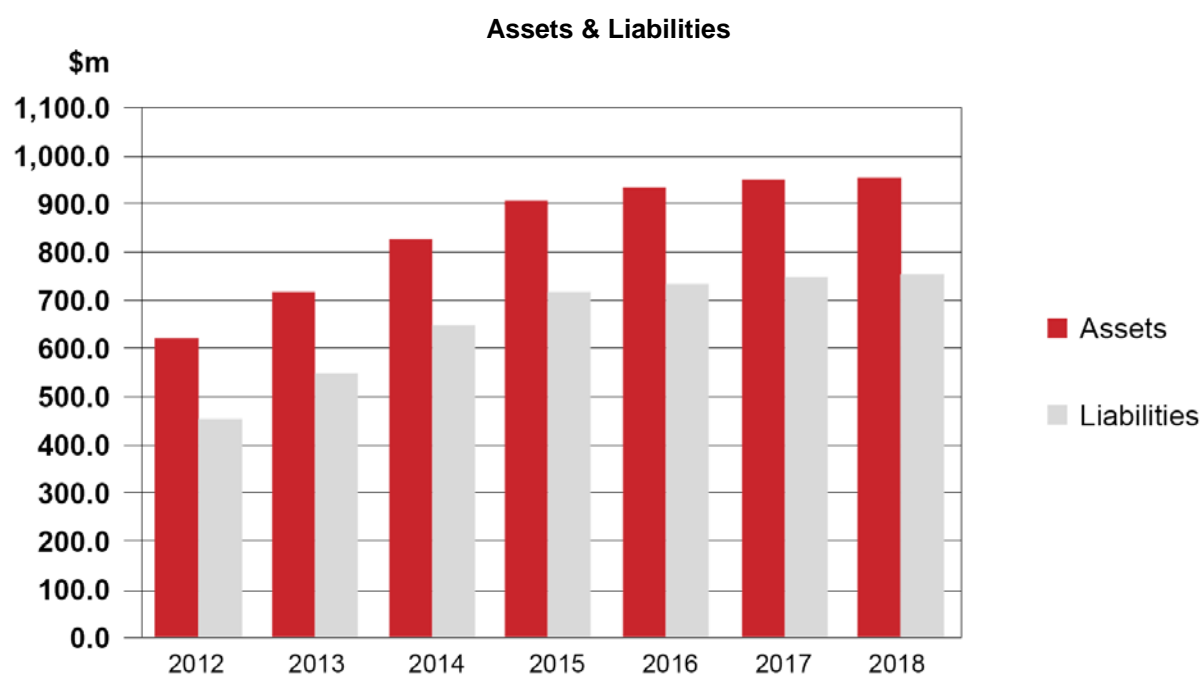
Total Liabilities

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

Statement of Changes in Common Fund Reserves

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

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



Prospective Outlook

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

Chief Finance Officer Statement

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

Public Trustee of Queensland Investment Fund – Growth Trust

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

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

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

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

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

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

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

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 management

Experience and performance

The Executive Management Team provides the necessary leadership 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 Chief Executive Officer 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. He is now undertaking an Executive MBA through the QUT Business School.

Peter is committed to ensuring the future sustainability of Queensland's Public Trustee and achieving the vision to be the independent trustee for Queenslanders providing security and peace of mind.

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 his 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.

Amanda MacDougall

Executive Director, Client Experience & Delivery

Amanda MacDougall commenced with the Public Trustee in May 2017 as Executive Director, Client Experience & 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 including the Company Director's CourseTM with the Australian Institute of Company Directors.

Justine Callaghan

Executive Director, Investment & Finance Services & CFO

Justine Callaghan was appointed in February 2018 as the Executive Director, Investment & Finance Services & CFO. Justine is responsible for the financial management and investment frameworks of the Public Trustee. Prior to this appointment, Justine was the Acting Executive Director, Investment & Finance Services & CFO from June 2017; 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. Justine is a graduate of the Australian Institute of Company Directors' Company Directors CourseTM.

David Cook

Executive Director, Digital & Technology

David Cook commenced as the Executive Director, Digital & 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 has a Bachelor of Business (Dist), an MBA (Dist) and has undertaken training in Digital Design, Behavioural Finance, Negotiation, Six Sigma, Lean, Total Quality Management, Risk Management, Sales Systems 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 & 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 is currently a Councillor on the AHRI Queensland Council.

Josephine Giles

Senior Director, Governance & Risk

Josephine commenced as Senior Director, Governance & 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.

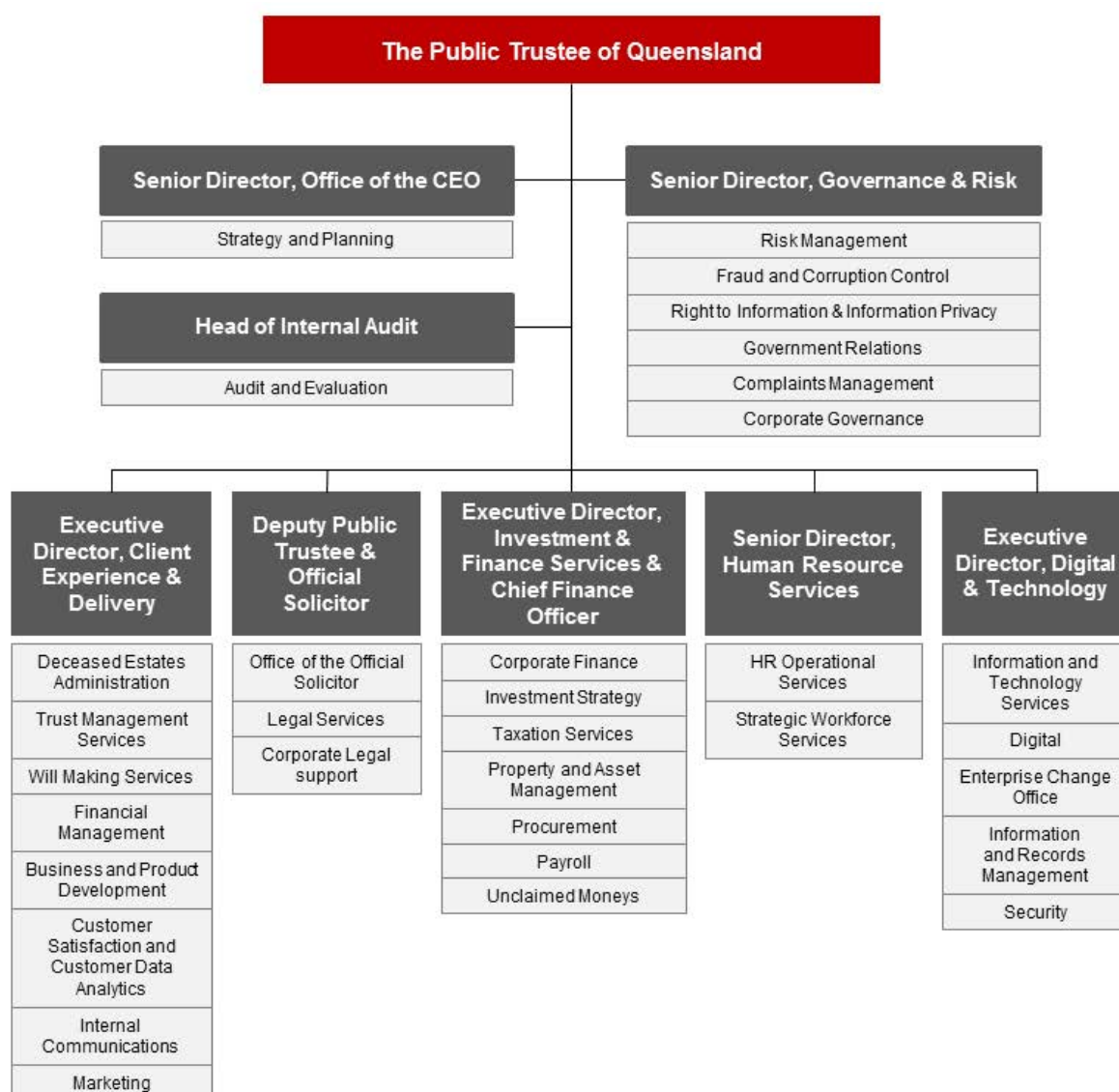
Josephine has a Bachelor of Commerce (majoring in Accounting and Finance) and a Graduate Certificate in Policy Analysis from Griffith University. She is a graduate member of the Australian Institute of Company Directors.

Elissa Pearce

Senior Director, Office of the Chief Executive Officer

Elissa commenced as Senior Director, Office of the CEO following a period of service as Director Strategy and Risk. Elissa works closely with The Public Trustee of Queensland and the Executive Management Team on strategy and business planning, and provides secretariat support to the ARMC.

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 has over 10 years' experience in the financial services industry in the United Kingdom and Australia.



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.

Internal committees play an important role in helping to meet compliance obligations.

These committees are an integral part of our governance arrangements that also include performance reporting and internal and external conformance to ensure that better practice and standards are applied and adhered to in all areas of our operations.

Executive Management Team

The EMT is the senior leadership team for the Public Trustee. The purpose of the EMT 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 EMT 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 (ICT) resources
 - contribution towards business direction at an agency, cross-agency, government and cross-jurisdictional level.

Membership of the EMT is determined by The Public Trustee of Queensland. The members as at 30 June 2018 were:

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

The EMT met 27 times during 2017–18.

Organisational Performance Group

The role of the Organisational Performance Group (OPG) 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 OPG 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 OPG is determined by The Public Trustee of Queensland. The members as at 30 June 2018 were:

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

OPG met 12 times during 2017–18.

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

The committee met four times during 2017–18.

Establishment Review Committee

As a result of a review and streamlining of the Public Trustee Human Resource Delegations in December 2017 and updates in vacancy approval processes, the Establishment Review Committee was disbanded in December 2017.

Agency Consultative Committee

The key objective of the Agency Consultative Committee (ACC) 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 ACC core membership includes:

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

The committee met five times during 2017–18.

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 EMT, including funding and prioritisation.

Members of the committee are:

- Executive Director, Investment & Finance Services & CFO (Chair)
- Director, Investment & Taxation Services
- Director, Regional Services
- Director, Estates & 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 & Official Solicitor
- Executive Director, Client Experience & Delivery
- Executive Director, Digital & Technology
- Senior Director, Office of the CEO
- Senior Director, Governance & Risk
- Senior Director, Human Resource Services
- Manager, Enterprise Change Office.

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

The committee met nine times during 2017–18.

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
- provide advice to the Public Trustee on the investment management of the Public Trustee of Queensland Growth Trust.

Significant achievements of the Board in 2017–18 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 risk
- approved and monitored the investment strategy of the Common Fund taking into consideration the continued historically low yield environment
- endorsed the interest rates payable to clients
- endorsed the Terms of Reference for the Board
- approved the Investment Policy Guidelines for the Common Fund
- approved the sale of three property assets held within the Common Fund.

The Public Trustee of Queensland Growth Trust is not exempted from audit 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	\$1,200
External Member	Sandra Birkensleigh	3	Meeting fee - 4 hours or less \$400	N/A	\$1,200
Officer of the Department administered by the Treasurer	Warwick Agnew	1	N/A	N/A	N/A
	Geoffrey Waite	2	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.

Mr Warwick Agnew's appointment to the Public Trust Office Investment Board ended in November 2017. Following Mr Agnew's term coming to an end, the Governor-in-Council approved that Mr Geoffrey Waite be appointed as the Treasurer's representative to the Board from 16 March 2018 to 15 March 2021.

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

Audit and Risk Management Committee (ARMC)

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

The ARMC 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 ARMC met four times during 2017–18.

Voting members of the ARMC for 2017–18 were:

Name	Details
Sandra Birkenleigh	External Chair
Glenn Poole	External Member
Janine Walker	External Member
Mark Crofton	Nominated representative of The Public Trustee of Queensland

Standing invitees of the ARMC are:

- The Public Trustee of Queensland
- EMT members
- Queensland Audit Office (QAO)
- Head of Internal Audit.

The recommendations made by QAO during 2017–18 were considered by the committee and are being appropriately addressed by management.

Member profiles

Sandra Birkenleigh, Chair is an experienced non-executive director currently holding a number of Board positions, including with the NDIA. 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.

Glenn Poole, External Member is a former Auditor-General of Queensland. Glenn is a member of several audit and risk management committees.

Janine Walker, 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 - refer to page 23.

Remuneration payments

Remuneration to external members during the 2017–18 financial year is detailed below.

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

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

² Includes fees outstanding for services provided during 2017–18.

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 2017–18, 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
 - cyber security awareness.
- supporting line managers in inducting new staff by providing the following resources on our intranet:
 - induction guidelines
 - induction planner
 - new employee induction manual.
- complying 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 2017–18, 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 five Centres of Excellence for Testamentary Trusts, Minors Trusts, Group Housing, Residential Care and Advanced Residential Care to provide better services for these client groups
- We provided ongoing sponsorship to the Department of Communities, Child Safety and Disability Services' *No excuse for elder* abuse campaign
- We undertook annual client satisfaction surveys to measure how we are meeting our clients' expectations
- We have committed to providing specialised technical training to Trust Officers at all levels in order to provide excellent service to clients and to minimise risk
- We developed our Client Service Charter in consultation with employees from across the Public Trustee. The charter is aligned to our values and our vision. It is our public commitment to our clients about the client experience they will receive from us.



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 2017 to 96 middle and senior managers. This professional development conference focused on creating innovative thinkers and evolving capabilities that encourage new ways of delivering services aligned to our Strategic Plan.



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 continued to provide assistance to employees to build capabilities of individuals and teams aligned with performance planning and development through the Study and Research Assistance Scheme (SARAS) and other external training programs.



Be courageous

- The Public Trustee has implemented a Leadership and Management Development Program in partnership with QUT. This program aims to develop and reinforce the key strategic leadership skills and behavioural dynamics required of our middle managers in the workplace to drive innovation and maintain a contemporary environment. The first cohort of 31 participants graduated in August 2017, and the second cohort of 27 participants commenced in February 2018.
- We delivered a total of 27 Values In Action workshops and Confident Customer Conversations training to 512 employees across the State focusing on accountability and responsibility in the workplace.



Empower people

- We facilitated workshops across the Public Trustee to raise awareness of the Queensland Public Service values and to build accountability and ultimately a high performance culture
- We developed and implemented a range of initiatives as a result of the feedback received through the Working for Queensland Survey
- The Client Experience & Delivery Induction program provides new Trust Officers with basic foundational skills and knowledge within the first six weeks of joining our organisation. The aim of the program is to provide them with consistent technical induction as they begin their career with the Public Trustee.

Working for Queensland Survey 2017

Our staff participated in the 2017 Working for Queensland Survey conducted in August 2017. A total of 459 Public Trustee employees participated in this survey and answered questions relating to employee engagement, job empowerment and their perception about leadership within the organisation. Following the 2017 survey, three areas of focus were validated for action: organisational leadership, workload and health, and workplace fairness. The following key initiatives were implemented and are ongoing to address the survey results:

Organisational leadership

- delivery of the second cohort of the Leadership Management and Development Program for middle managers
- our *Strategic Plan 2016–2020* was updated and communicated by executive and senior management together with how our employees can best support the delivery of initiatives.

Workload and health

- increased focus on WH&S with the completion of inspections and assessments of all regional office locations
- enhancement of the Workplace Health and Safety Management System (WHSMS) consisting of policy and procedures
- Client Experience & Delivery – a multi-faceted approach to workload has been adopted with capability reviews and re-assignment of resources to meet demands
- providing job security by stabilising the workforce through permanent appointments and strategies aligning workforce structure with ongoing roles.

Workplace fairness

- increased internal communication to keep employees informed on all aspects of the working environment
- enhanced focus on developing and updating policies for recruitment and selection, workplace health and safety and SARAS.

Governance – risk management and accountability

Governance and Risk Directorate

The Public Trustee has a sound corporate governance framework which guides us in achieving our purpose. We are committed to legislative compliance and ethical behaviour, and to meeting public expectations for probity, accountability and transparency.

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

Governance & 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 & 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*.

In 2017–18, we strengthened our governance framework by:

- revising our Fraud and Corruption Control Policy, Procedure and Plan. We also updated our complementary online training module which all employees are required to complete annually to raise fraud prevention awareness within the Public Trustee.
- revising our Reporting Corrupt Conduct Policy, Complaints about the Public Official Policy and Declaration of Interests Policy to reflect better practice. The revised policies are practical, fit for purpose fraud and corruption control tools for ensuring appropriate governance mechanisms are in place and operating as designed. They align with best practice frameworks developed by the Crime and Corruption Commission and Public Service Commission.
- reviewing and updating our Business Continuity Management (BCM) Policy, Business Continuity Plan and Crisis Management Plan. We are committed to ensuring that our critical business processes can continue in the event that a serious unplanned event or incident disrupts the normal execution of business activities. This includes having plans and systems in place to ensure the capability exists to respond to and recover from any business interruption, including but not limited to; people, facilities, equipment, information technology, telecommunications and suppliers.

In early 2018, we commenced preparing a **Business Continuity Plan** aimed to ensure we were well positioned to maintain the delivery of core services to our clients in the unlikely event of a business interruption or security incident during the Gold Coast 2018 Commonwealth Games.

The Games were staged from 4 to 15 April 2018, with events held at 17 competition venues on the Gold Coast, Brisbane, Townsville and Cairns. With our Southport office located within a Protective Security Zone (PSZ) activated by the Queensland Police Service and our Cairns office bordering another PSZ, planning to ensure continuity of services was critical.

In accordance with our plan, a number of BCM strategies were implemented across the Public Trustee to minimise disruptions to employees, clients and service delivery including:

- offering employees greater flexible working arrangements to more effectively manage travel requirements throughout the period of the Games
- strategically managing Will appointments and our Home Visit Service in response to impacts on the transport network and office accessibility
- targeted communications for employees, clients and other stakeholders to increase awareness of our Games BCM strategies.

No significant emergent issues arose during the Games. The impact on operations across the organisation was minimal, and service delivery was uninterrupted as a result of the strategies implemented. Notably, our Southport office was able to accommodate a number of urgent Will appointments during the period.

Towards the end of the 2017–18 financial year, we undertook an analysis of learnings from business continuity events the Public Trustee experienced in the past five years, to ensure we invest and prepare effectively so we are more resilient, provide reassurance to our key stakeholders and reflect regulatory compliance and best practice on all levels.

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.

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 EMT where required. We also analyse our material business and strategic risks regularly, reporting to EMT and the ARMC.

In 2017–18, we reviewed the framework and revised our Risk Management Policy and Procedure to more clearly identify organisational responsibility for managing risks, enhance EMT's engagement with material business and strategic risks through regular risk deep dives, and more closely align our approach with Queensland Treasury's *Guide to Risk Management* and contemporary risk management practice.

We also revised our strategic and material business risks to enhance clarity in risk descriptions and responsibilities, and reflect reassessment of those risks as undertaken by EMT members.

Looking to the future, we will progress a body of work that matures and builds stronger foundations for the framework within the Public Trustee, to cascade its benefits across the business in a way that is comprehensive and accessible.

External scrutiny

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

- Auditor-General, QAO
- Queensland Ombudsman
- Crime and Corruption Commission
- 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 ARMC.

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 ARMC. Internal Audit has due regard to Queensland Treasury's *Audit Committee Guidelines: Improving Accountability and Performance*. Strong links with QAO 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 the following qualifications:

- Bachelor of Commerce (Honours)
- Certified Internal Auditor
- Certification in Control Self-Assessment
- Certified Financial Services Auditor
- Certified Information Systems Auditor.

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 2017–18, Internal Audit conducted independent reviews and audits of our internal controls, business processes and management practices. Key achievements included:

- reviewing Client Experience & Delivery and corporate operations to provide the Executive Director, Investment & Finance Services and Chief Finance Officer with assurances to support sound processes and procedures underpinning the financial statements.
- providing information papers for general consumption to Client Experience & Delivery and across support activities, to raise awareness of current issues being encountered and to assist directors and managers to understand and address topical issues.
- the ongoing development of the Data Analytics Program which provides Executive Directors, Directors and Business Managers continued assurance with respect to the functions of key controls.

Information systems and recordkeeping

The Public Trustee continues to improve its compliance with the *Public Records Act 2002* and the principles contained in Queensland Government Enterprise Architecture Policies, Standards and Guidelines such as the newly developed Records Governance Policy, Information Standard 18 (Information Security) and Information Standard 34 (Metadata).

In 2017–18, we demonstrated our commitment to compliant recordkeeping practices by:

- implementing our Information Management Policy and Strategy and developing an Information Management Action Plan.
- further developing our enterprise Information Asset Register
- initiating a draft Digitisation and Disposal Policy including destruction procedures in line with Queensland State Archives
- consolidating multiple legacy databases used for tracking regional and head office physical files centrally in electronic Document and Records Management System (eDRMS).
- reviewing mail services (inter-office, parcels and courier) in preparation for digitisation.
- continuing mandatory online recordkeeping training for all employees and contractors
- revising eDRMS role and readiness to ensure reliability, performance and security of electronic records ahead of records and mail service digitisation
- disposing of public records in accordance with the Public Trust Office Retention and Disposal Schedule (QDAN 651 v.1) and the General Retention and Disposal Schedule.

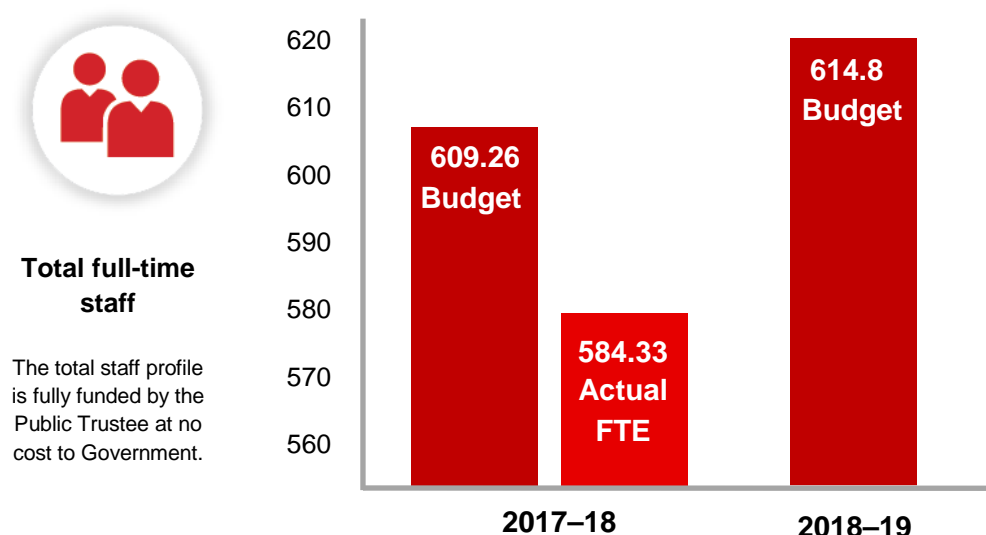
Governance – human resources

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 FTE establishment is 584 (as per the Minimum Obligatory Human Resources Information report for the quarter ending 30 June 2018). The Public Trustee employs over 609 staff as headcount. The following table provides a comparison between actual and budgeted FTE for the current period and an estimate for 2018–19.

Staffing



For 2017–18, the permanent retention rate was 85.31 per cent and the separation rate was 15.69 per cent. Strategies are in place to proactively manage employee turnover for the organisation.

Work has commenced on the development of a Strategic Workforce Plan to ensure the workforce is best positioned to continue to deliver on our *Strategic Plan 2016–2020* and into the future.

A range of people and capability development strategies and initiatives were implemented in 2017–18 including the:

- development and delivery of the *Evolving Business Capability Conference 2017* to 96 middle and senior managers. This professional development conference focused on creating innovative thinkers and evolving capabilities in an evolving digital environment that encouraged new ways of delivering services aligned with the *Strategic Plan 2016–2020*
- continuous improvement and review of the online mandatory compliance training
- delivery of the Corporate Orientation program delivered every eight weeks to new employees
- delivery of the Leadership and Management Development Program to the second cohort of 27 middle managers commencing in February 2018. This program was developed in partnership with and delivered by QUT

- development and delivery of a technical induction program for 81 employees
- delivery of Level 1 and Level 2 Technical Training to 46 employees
- delivery of a Wills and Enduring Power of Attorney Accreditation Program to 92 employees
- continuing availability of SARAS and other training and development opportunities to employees
- continued implementation of the Queensland Public Service values across the organisation.

We continue to implement talent acquisition and management strategies, to maintain the appropriate skills and capabilities we need in order to ensure quality client service is delivered.

Attracting and retaining an engaged, empowered and flexible workforce remains a key priority for the Public Trustee including valuing diversity and a culture that supports our organisational priorities.

Key policies that were reviewed in 2017–18 include the Work Health & Safety Policy and Procedure which we updated to demonstrate 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.

Our key focus areas in 2018–19 for workforce development are:

- developing organisational leadership
- progressing the development of a Strategic Workforce Plan
- introducing effective change management practices across the workforce
- providing training programs and resources
- further embedding our organisational values
- continuing to streamline our recruitment and employment screening processes
- improving performance management processes and systems
- continuing to improve our workplace health and safety framework, policies and processes
- further enhancing workforce and dashboard analytics and reporting to help augment and link the Public Trustee workforce data with trends within the organisation and benchmarking with whole-of-Government workforce data.

Early retirement, redundancy and retrenchment

No redundancy, early retirement or retrenchment packages were paid during the 2017–18 financial year.

Our offices

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

Brisbane

Trustee House
444 Queen Street, Brisbane QLD 4000
GPO Box 1449, Brisbane QLD 4001
Phone: (07) 3213 9288

Brendale

170 South Pine Road, Brendale QLD 4500
PO Box 5204, Brendale DC QLD 4500
Phone: (07) 3142 1900

Bundaberg

Trustee House
189 Bourbong Street, Bundaberg QLD 4670
PO Box 860, Bundaberg QLD 4670
Phone: (07) 4181 0800

Cairns

Trustee House
27 Sheridan Street, Cairns QLD 4870
PO Box 656, Cairns QLD 4870
Phone: (07) 4040 7300

Gladstone

Trustee House
66 Goondoon Street, Gladstone QLD 4680
PO Box 5021, Gladstone QLD 4680
Phone: (07) 4962 1100

Ipswich

Trustee House
99 Brisbane Street, Ipswich QLD 4305
PO Box 140, Ipswich QLD 4305
Phone: (07) 3432 6611

Mackay

Trustee House
18 Brisbane Street, Mackay QLD 4740
PO Box 401, Mackay QLD 4740
Phone: (07) 4969 4600

Maryborough

277 Alice Street, Maryborough QLD 4650
PO Box 280, Maryborough QLD 4650
Phone: (07) 4183 0900

Mount Isa

Trustee House
18 Miles Street, Mount Isa QLD 4825
PO Box 2000, Mount Isa QLD 4825
Phone: (07) 4764 0500

Redcliffe

Trustee House
165 Sutton Street, Redcliffe QLD 4020
PO Box 131, Redcliffe QLD 4020
Phone: (07) 3817 9100

Rockhampton

Trustee House
67 East Street, Rockhampton QLD 4700
PO Box 273, Rockhampton QLD 4700
Phone: (07) 4999 3600

Southport

Trustee House
66 Nerang Street, Southport QLD 4215
PO Box 876, Southport QLD 4215
Phone: (07) 5588 5333

Sunshine Coast

Suite 1-3, 20 Innovation Parkway,
Birtinya QLD 4575
PO Box 49, Buddina QLD 4575
Phone: (07) 5314 1800

Toowoomba

Trustee House
447 Ruthven Street, Toowoomba QLD 4350
PO Box 139, Toowoomba QLD 4350
Phone: (07) 4631 8100

Townsville

370 Flinders Street, Townsville QLD 4810
PO Box 960, Townsville QLD 4810
Phone: (07) 4753 0111

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, and the first two Fridays of each month
- 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 of each month (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 Wednesday each month.

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 two months.

Mount Isa

The Mount Isa Office services one venue: Cloncurry Courthouse. This community outreach service is delivered on an 'as required' basis.

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 quarterly based on demand
- Dululu – delivered quarterly based on demand.

Southport

The Southport Office services three venues:

- Beenleigh Courthouse – every Tuesday and one Thursday each fortnight
- 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 QCAT 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 Powers of Attorney (EPAs)

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/>.

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 (QCAT)

QCAT 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 (QGAP)

In rural and smaller regional areas, local and state Government offices have been nominated as part of the QGAP 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 State 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
ARMC	Audit and Risk Management Committee
ARRs	Annual report requirements for Queensland Government agencies
CEO	Chief Executive Officer
CFO	Chief Finance Officer
CPI	Consumer Price Index
CSOs	Community Service Obligations
eDRMS	electronic Document and Records Management System
EPA	Enduring Power of Attorney
EMT	Executive Management Team
FAA	<i>Financial Accountability Act 2009</i>
FPMS	<i>Financial and Performance Management Standard 2009</i>
FTE	Full-time equivalent
ICT	Information and communications technology
NDIA	National Disability Insurance Agency
NDIS	National Disability Insurance Scheme
OPG	Organisational Performance Group
PTIF	Public Trustee of Queensland Investment Fund
QAO	Queensland Audit Office
QCAT	Queensland Civil and Administrative Tribunal
QGAP	Queensland Government Agent Program
QCF	Queensland Community Fund
QDAN	Queensland Disposal Authority Number
QIC	Queensland Investment Corporation
QUT	Queensland University of Technology
SARAS	Study and Research Assistance Scheme
SDS	Service Delivery Statement
WH&S	Workplace Health and Safety

The Public Trustee of Queensland

ABN 12 676 939 467

Financial Statements Year Ended 30 June 2018

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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 call (07) 3213 9288, email clientenq@pt.qld.gov.au or visit the internet site at www.pt.qld.gov.au.

The Public Trustee of Queensland
Statement of Comprehensive Income
Year Ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Revenue			
Fees	1	58,919	55,020
Interest revenue	2	28,176	28,927
Other revenue	3	3,346	3,864
Total Revenue		90,441	87,811
Expenses			
Employee expenses	4	52,321	49,577
Supplies and services	5	17,625	18,716
Depreciation and amortisation		2,280	2,110
Interest expense	12	11,745	12,025
Contributions	6	1,588	1,663
Other expenses	7	1,472	1,283
Total Expenses		87,031	85,374
Operating Result		3,410	2,437
Other Comprehensive Income			
<u>Items that will not be reclassified to Operating Result</u>			
Increase in asset revaluation surplus	14	598	1,228
<u>Items that may be reclassified to Operating Result</u>			
Net loss on available-for-sale financial assets		(1,213)	(3,002)
Total Other Comprehensive Income		(615)	(1,774)
Total Comprehensive Income		2,795	663

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 2018

	Notes	2018 \$'000	2017 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	8	196,949	141,619
Receivables	9	15,966	14,369
Other financial assets	10	533,935	560,011
Prepayments		482	448
		747,332	716,447
Property, plant and equipment held for sale	11	1,985	-
Total Current Assets		749,317	716,447
Non-Current Assets			
Other financial assets	10	165,580	194,008
Property, plant and equipment	11	40,158	39,251
Intangible assets		215	474
Total Non-Current Assets		205,953	233,733
Total Assets		955,270	950,180
LIABILITIES			
Current Liabilities			
Payables		1,901	7,198
Deposits held in trust	12	735,627	728,872
Accrued employee benefits	13	14,483	13,382
Total Current Liabilities		752,011	749,452
Non-Current Liabilities			
Accrued employee benefits	13	1,064	1,328
Total Non-Current Liabilities		1,064	1,328
Total Liabilities		753,075	750,780
Net Assets		202,195	199,400
EQUITY			
Asset revaluation surplus	14	26,333	25,735
Accumulated surplus		175,862	173,665
Total Equity		202,195	199,400

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

The Public Trustee of Queensland

Statement of Changes in Equity Year Ended 30 June 2018

	Accumulated Surplus*	Asset Revaluation Surplus**	Total Equity
	\$'000	\$'000	\$'000
Balance as at 1 July 2016	174,230	24,507	198,737
Operating result for the year	2,437	-	2,437
Other comprehensive income			
Increase in asset revaluation surplus	-	1,228	1,228
Net loss on available-for-sale financial assets	(3,002)	-	(3,002)
Balance as at 30 June 2017	173,665	25,735	199,400
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

* Refer to Note 16 for further information relating to Accumulated Surplus

** Refer to Note 14 for further information relating to the Asset Revaluation 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 2018

	Notes	2018 \$'000	2017 \$'000
Cash Flows From Operating Activities			
<i>Inflows:</i>			
Fees received		57,939	56,237
Interest revenue received		28,176	28,926
Other revenue received		977	1,095
GST collected from customers		7,479	7,632
Net amount accepted as deposits held in trust		6,022	10,316
<i>Outflows:</i>			
Payments to suppliers and employees		(70,292)	(68,495)
GST paid to suppliers		(3,636)	(3,857)
GST remitted to ATO		(4,050)	(3,571)
Interest expense		(11,745)	(12,025)
Net Cash From Operating Activities		10,870	16,258
Cash Flows From Investing Activities			
<i>Inflows:</i>			
Sales of other financial assets		193,248	158,996
<i>Outflows:</i>			
Payments for other financial assets		(144,251)	(164,518)
Payments for property, plant and equipment		(4,461)	(2,350)
Net Cash Flow From/(Used In) Investing Activities		44,536	(7,872)
Net Increase in Cash and Cash Equivalents		55,406	8,386
Cash and Cash Equivalents at Beginning of the Financial Year		184,937	176,551
Cash and Cash Equivalents at End of the Financial Year	8	240,343	184,937

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 2018

Reconciliation of Operating Result to Net Cash From Operating Activities	2018 \$'000	2017 \$'000
Operating Result	3,410	2,437
Depreciation and amortisation expense	2,280	2,110
Net loss on sale of plant and equipment	146	15
Net gain on sale of other financial assets	(618)	(855)
Change in Assets and Liabilities:		
(Increase)/decrease in receivables	(1,597)	1,467
(Increase)/decrease in prepayments	(34)	296
Decrease in other payables	(308)	(510)
Increase in accrued employee benefits	836	1,029
Increase in deposits held in trust	6,755	10,269
Net Cash From Operations	10,870	16,258

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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 2017 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 2018 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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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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;
- 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, it has not been included in these accounts.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

NOTES ABOUT OUR FINANCIAL PERFORMANCE

1. Fees

	2018 \$'000	2017 \$'000	Accounting Policy – Fees
Administration of estates and trusts and other professional fees	85,717	80,511	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	4,873	4,674	
Auctions revenue	2,363	2,087	
Community service obligations	(34,034)	(32,252)	
	58,919	55,020	

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 Investment Fund. 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

	2018 \$'000	2017 \$'000	Accounting Policy – Interest Revenue
Cash – at call deposits	4,722	3,924	Interest income is recognised using the effective interest method.
QIC unit trust	876	1,022	
Semi-government securities (i)	4,636	4,637	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.
Corporate securities (i)	3,007	1,936	
Corporate notes (ii)	4,076	4,552	
Fixed rate deposits	9,175	10,498	
Compounding deposits	118	159	
Floating rate deposits	1,507	2,156	
Other interest	59	43	
	28,176	28,927	

(i) Fixed interest rate applies to these securities.

(ii) Floating interest rate applies to corporate notes.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

3. Other Revenue

	2018 \$'000	2017 \$'000	Accounting Policy – Services received below fair value
Property revenue	799	836	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.
Sundry revenue	203	246	
Archival services received below fair value	1,726	1,927	
Gain on sale of semi-government securities	542	784	
Gains on revaluation of QIC unit trust	76	71	
	3,346	3,864	Accounting Policy - Gain/Loss On Sale and Revaluation of Financial Assets

Gains or losses arising from change in the fair value of financial assets are included in the operating result for the period in which they arise.

4. Employee Expenses

	2018 \$'000	2017 \$'000	Accounting Policy – Salaries and Wages and Sick Leave
Employee Benefits			Wages and salaries due but unpaid at reporting date are recognised in the statement of financial position at the current salary rates. As the Public Trustee expects such liabilities to be wholly settled within 12 months of reporting date, the liabilities are recognised at undiscounted amounts. As sick leave is non-vesting, an expense is recognised for this leave as it is taken.
Salaries and wages	40,497	38,461	
Annual leave	4,280	4,069	
Employer superannuation contributions	5,425	5,125	
Long service leave	1,244	1,046	
Employee Related Expenses			Accounting Policy - Annual Leave and Long Service Leave
Workers' compensation insurance	108	109	
Other employee related expenses	767	767	
	52,321	49,577	
Full-time Equivalent Employees (i)	584	573	

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.

(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.

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*.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

5. Supplies and Services

	2018 \$'000	2017 \$'000	Accounting Policy – Supplies and Services
Advertising and promotion	293	313	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	1,726	1,927	
Auction expenses	37	22	
Computer expenses	4,695	4,245	
Consultants, contractors and agency temporary staff	3,130	4,043	Accounting Policy - Services received below fair value
Fixed assets repairs and expenses	927	1,431	
Investment and registry fees	2,623	2,410	
Motor vehicles and travel	307	318	
Office expenses	1,378	1,530	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.
Operating lease expenses	856	552	
Professional and management fees	109	326	
Rates, utilities and cleaning	1,544	1,599	
	17,625	18,716	

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

	2018 \$'000	2017 \$'000	Accounting Policy - Contributions
Contribution to the Office of the Public Guardian (i)	1,152	1,132	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 (i)	436	381	
Contribution to the Department of Justice and Attorney-General (ii)	-	150	
	1,588	1,663	

Disclosure – Contributions

(i) 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 in accordance with section 63A of the *Public Trustee Act 1978* and section 13 of the *Public Trustee Regulation 2012* respectively.

(ii) Provision of one-off funding through the Department of Justice and Attorney-General (DJAG) to allocate to the Court Network Inc. to deliver court support services in the Queensland Civil and Administrative Tribunal.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

7. Other Expenses

	2018 \$'000	2017 \$'000	Accounting Policy – Gain or Loss on Sale of Property, Plant and Equipment
Bad debt recoveries and write-offs ⁱ	204	192	Any gain or loss on the disposal of property, plant and equipment is recognised in profit or loss.
Sponsorships	74	81	
Insurance premiums ⁱⁱ	543	537	
External audit fees ⁱⁱⁱ	308	290	
Special payments ^{iv}	142	110	
Bank fees	52	50	Accounting Policy – Special Payments
Loss on sale of property, plant and equipment	146	16	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> .
Entertainment and hosting	3	7	
	1,472	1,283	

Disclosure

- (i) Includes the Public Trustee's write offs relating to client matters \$177,934 (2017: \$306,350) and bad debts \$26,094 (2017: \$114,023 bad debts recovered).
- (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 2017-18 financial statements are \$307,500 (2017: \$290,000) comprising the Public Trustee's financial statements of \$287,000 (2017: \$270,000) and the Public Trustee of Queensland Growth Trust \$20,500 (2017: \$20,000). There are no non-audit services included in this amount.
- (iv) 6 settlements (2017: 3) were paid relating to client matters in 2017-18 totalling \$142,078 (2017: \$110,410).

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2018

NOTES ABOUT OUR FINANCIAL POSITION

8. Cash and Cash Equivalents

	2018 \$'000	2017 \$'000	Accounting Policy – Cash and Cash Equivalents
Cash at bank and on hand	2,988	5,533	For the purpose of the statement of financial position and statement of cash flows, cash and cash equivalents include:
Cash – QTC at call deposits	193,961	136,086	
	196,949	141,619	

Reconciliation to Cash Flow Statement

Cash and cash equivalents	196,949	141,619
QIC Unit Trusts (i)	43,394	43,318
Balance per Statement of Cash Flows	240,343	184,937

(i) QIC Unit Trusts have been reclassified from Cash and Cash Equivalent to Other Financial Assets during this financial year. Refer Note 10 for details.

- cash on hand;
- deposits held at call with financial institutions;
- other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

9. Receivables

	2018 \$'000	2017 \$'000	Accounting Policy – Receivables
General receivables	104	583	Receivables are measured at amortised cost which approximates their fair value at reporting date.
Accrued revenue	7,826	6,281	
Client receivables	6,800	6,066	
Civil Law Legal Aid Scheme Advances	1,481	1,586	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.
	16,211	14,516	
Less: Allowance for impairment	(245)	(147)	
	15,966	14,369	

Impairment

Allowance for impairment as at 1 July	(147)	(788)
Amounts written off during the financial year	-	593
(Increase) / Decrease in allowance for impairment	(98)	48
Allowance for impairment as at 30 June	(245)	(147)

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 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 2018.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

9. Receivables (Continued)

Accounting Policy – Impairment

The Public Trustee assesses at the end of each reporting period whether there is objective evidence that a receivable or a group of receivables is impaired. An allowance for impairment is made in respect of a debt or group of debtors if a loss event has arisen in respect of that particular debtor or group of debtors.

Disclosures

As at 30 June 2018, total receivables within terms and not impaired were \$15.7m (2017: \$14.3m). Details of the impaired receivables are as follows:

Aging Analysis of Receivables					
30 June 2018	< 30 Days	30 – 60 Days	61 – 90 Days	> 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables past due but not impaired	-	40	8	13	61
Receivables past due and impaired	-	-	-	151	151
Allowance for impairment	-	-	-	(97)	(97)
Carrying amount	-	40	8	67	115
Aging Analysis of Receivables					
30 June 2017	< 30 Days	30 – 60 Days	61 – 90 Days	> 90 Days	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Receivables past due but not impaired	-	12	5	12	29
Receivables past due and impaired	-	-	-	117	117
Allowance for impairment	-	-	-	(78)	(78)
Carrying amount	-	12	5	51	68

10. Other Financial Assets

	2018 \$'000	2017 \$'000	Accounting Policy – Other Financial Assets
Current			
<i>Financial Assets at fair value through profit or loss</i>			Classification
QIC Unit Trusts	43,394	43,318	Classification of a financial asset is based on the purpose for which the asset was acquired. Management determines the classification of its investments at initial recognition and, in the case of assets classified as held-to-maturity, re-evaluates this designation at the end of each reporting date.
	43,394	43,318	
<i>Available-for-sale</i>			
Semi-government securities	115,496	128,855	
Corporate bonds	131,333	76,077	The Public Trustee classifies its other financial assets in the following categories:
Corporate notes	151,618	151,847	
	398,447	356,779	
<i>Held to maturity</i>			
Fixed rate deposits	77,011	115,979	<ul style="list-style-type: none"> financial assets at fair value through profit or loss; held-to-maturity investments; and available-for-sale.
Floating rate deposits	15,083	38,580	
Compounding deposits	-	5,355	
	92,094	159,914	
	533,935	560,011	
Non-Current			
<i>Held to maturity</i>			
Fixed rate deposits	137,481	168,872	
Floating rate deposits	28,099	25,136	
	165,580	194,008	

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

10. Other Financial Assets (Continued)

Accounting Policy – Other Financial Assets (Continued)

Classification (Continued)

- (i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling within 12 months.

- (ii) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Public Trustee has the intention and ability to hold to maturity. If the Public Trustee were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would need to be reclassified as available-for-sale. Deposits are categorised as held-to-maturity. Held-to-maturity investments are included in non-current assets, except for those with maturities less than 12 months from the reporting date, which are classified as current assets.

- (iii) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. All available-for-sale financial assets are classified as current assets. Available-for-sale financial assets include bonds and floating rate notes.

Recognition

The Public Trustee recognises financial assets on the date they become party to the contractual agreement. At initial recognition, the Public Trustee measures a financial asset at its fair value.

Measurement

Subsequent to initial recognition, financial assets are measured as follows:

- (i) Financial assets at fair value through profit or loss

These instruments are measured at fair value with changes in their fair value recognised in the profit or loss. Interest income is recognised in profit or loss using the effective interest method.

- (ii) Held-to-maturity investments

Held-to-maturity investments are carried at amortised cost using the effective interest method, less impairment losses. Interest income is recognised in profit or loss using the effective interest method.

- (iii) Available-for-sale financial assets

Available-for-sale financial assets are carried at fair value with changes in their fair value 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.

Impairment

The Public Trustee assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. An allowance for impairment is made in respect of a financial asset or a group of financial assets if a loss event has arisen in respect of that particular financial asset or group of financial assets.

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.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

11. Property, Plant and Equipment

Held For Sale

	2018 \$'000	2017 \$'000	Accounting Policy – Property, Plant and Equipment Held For Sale
Land	1,453	-	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.
Building	532	-	
	1,985	-	

Disclosure

Due to operational requirements, the Public Trustee Investment Board has recommended the sale of certain land and buildings at Ipswich, Maryborough and Townsville. Management are committed to and have initiated a plan to sell the properties, and the sale is expected to be completed within twelve months.

For all of the assets described above, the valuations reflect fair value less costs to sell, as that was lower than carrying amount at the time of meeting the "held for sale" criteria.

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.

Non-current

Balances and reconciliations of carrying amount

30 June 2018	Land (at FV)* Level 2	Buildings (at FV)* Level 2	Building (at cost) Level 3	Plant and Equipment	Work In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	20,104	15,485	3,040	8,401	730	47,760
Less Accumulated Depreciation	(1,453)	(1,724)	(556)	(3,869)	-	(7,602)
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

* FV = Fair Value

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2018

11. Property, Plant and Equipment (Continued)

Non-current (Continued)

Balances and reconciliations of carrying amount

30 June 2017	Land (at FV)* Level 2 (i)	Buildings (at FV)* Level 2 (i)	Building (at cost) Level 3 (ii)	Plant and Equipment	Work in progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Gross	20,103	12,086	3,040	8,024	587	43,840
Less Accumulated Depreciation	-	(1,015)	(464)	(3,110)	-	(4,589)
Carrying amount at 30 June 2017	20,103	11,071	2,576	4,914	587	39,251
Carrying amount at 1 July 2016	18,875	11,842	2,667	3,852	303	37,539
Acquisitions	-	-	-	524	1,826	2,350
Disposals	-	-	-	(15)	-	(15)
Depreciation	-	(1,016)	(91)	(744)	-	(1,851)
Transfers between asset classes	-	245	-	1,297	(1,542)	-
Net revaluation increment	1,228	-	-	-	-	1,228
Carrying amount at 30 June 2017	20,103	11,071	2,576	4,914	587	39,251

* FV = Fair Value

- (i) The Public Trustee's land and buildings were last comprehensively revalued based on specific appraisals by Herron Todd White Pty Ltd and CBRE Valuations Pty Ltd at 30 June 2016.

During 2017-18, commercial buildings held at fair values were revalued upwards by \$0.6m based on movements in the relevant index ('Asset revaluation index: Non-residential construction, Queensland') obtained from the Queensland Government Statistician's Office. The Public Trustee has reviewed these indices and believes they reflect a valid estimation of the assets' fair value at reporting date, taking into account the most recent valuations.

No indexation was applied in respect of land as movement in indices provided by the State Valuation Service was below the materiality threshold of 5% in accordance with Queensland Treasury's Non-Current Asset Policies.

The Public Trustee has reviewed these indices and believes they reflect a valid estimation of the assets' fair value at reporting date, taking into account the most recent valuation.

- (ii) This building relates to a purpose-built storage facility operated by the Public Trustee. This building is classified at level 3 due to the absence of an active market for such facilities.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

11. Property, Plant and Equipment (Continued)

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 in the following classes:

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.

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. These assets 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.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

11. Property, Plant and Equipment (Continued)

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 *Non-Current Asset Policies for the Queensland Public Sector*. 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).

The fair values reported by the Public Trustee are based on appropriate valuation techniques that maximise the use of available and relevant observable inputs and minimise the use of unobservable inputs.

Use of Indices

Where assets have not been specifically appraised in the reporting period, their previous valuations are materially kept up-to-date via the application of relevant indices. The Public Trustee ensures that the application of such indices would result in a valid estimation of the asset's fair value at reporting date.

Indices used for commercial buildings (Asset revaluation index: Non-residential construction, Queensland) are obtained from the Queensland Government Statistician's Office. The State Valuation Service (SVS) supplies the indices used for land. Such indices are either publicly available, or are derived from market information available to the Queensland Government and SVS. The Queensland Government Statistician's Office and SVS provide assurance of their robustness, validity and appropriateness for application to the relevant assets.

Indices used are reviewed for reasonableness to confirm the relevance and suitability of indices provided based on the Public Trustee's own particular circumstances.

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'.

11. Property, Plant and Equipment (Continued)

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. 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.

The asset's recoverable amount is determined as the higher of the asset's fair value less costs to sell and current replacement cost.

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.

12. Deposits Held In Trust

	2018 \$'000	2017 \$'000	Accounting Policy – Deposits Held In Trust
Deceased estates	172,932	174,590	These amounts represent the value of cash and other financial assets held for clients within the Common Fund.
Financial management	318,697	309,861	
Minors, general and testamentary trusts	213,532	213,211	Amounts held for clients are categorised for financial instrument purposes as financial liabilities measured at amortised cost. At initial recognition, the Public Trustee recognises a financial liability not through profit or loss at fair value plus any transaction costs directly attributable to the issue of the liability. Subsequent measurement is at amortised cost using the effective interest method.
Other	30,466	31,210	
	735,627	728,872	

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*.

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

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

13. Accrued Employee Benefits

	2018 \$'000	2017 \$'000
Current		
Wages outstanding	932	880
Annual leave	5,055	4,694
Paid parental leave	15	25
Long service leave	8,481	7,783
	14,483	13,382
Non-Current		
Long service leave	1,064	1,328
	1,064	1,328
Total Accrued Employee Benefits	15,547	14,710

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% (2017: 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.

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

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

2017	Land \$'000	Buildings \$'000	Total \$'000
Balance at 1 July 2016	13,365	11,142	24,507
Revaluation increments	1,228	-	1,228
Balance at 30 June 2017	14,593	11,142	25,735

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

NOTES ABOUT RISKS AND OTHER ACCOUNTING UNCERTAINTIES

15. Fair Value Measurement

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.

Observable inputs are publicly available data that are relevant to the characteristics of the assets/ liabilities being valued. Observable inputs used by the Public Trustee include, but are not limited to, published sales data for land and buildings.

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 are not limited to, subjective adjustments made to observable data to take account of the characteristics of the Public Trustee's assets/liabilities, internal records of recent construction costs (and/or estimates of such costs) for assets' characteristics/functionality, 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.

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

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 financial assets (by class) measured at fair value according to the fair value hierarchy at 30 June 2018 and 30 June 2017. The table does not contain information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of the fair value.

	Level 1		Level 2		Total	
	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Cash – at call deposits	193,961	136,086	-	-	193,961	136,086
QIC unit trust	-	-	43,394	43,318	43,394	43,318
Semi-government securities	115,496	128,855	-	-	115,496	128,855
Corporate bonds	131,333	76,077	-	-	131,333	76,077
Corporate notes	151,618	151,847	-	-	151,618	151,847
Fixed rate deposits	-	-	214,492	284,851	214,492	284,851
Compound deposits	-	-	-	5,355	-	5,355
Floating rate deposits	-	-	43,182	63,716	43,182	63,716
	592,408	492,865	301,068	397,240	893,476	890,105

There have been no transfers between levels 1 and 2 for financial assets during the reporting period.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

16. Accumulated Surplus

Whilst the Public Trustee does not formally account for additional reserves, 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 2.23% (2017: 2.16%). Current allocation \$32.8m (2017: \$31.3m).

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 \$29.4m (2017: \$43.4m).

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

17. Commitments

(a) *Non-cancellable operating lease commitments*

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

	2018 \$'000	2017 \$'000
Not later than one year	791	683
Later than one year and not later than five years	2,553	1,582
Later than five years	586	1,696
	3,930	3,961

Operating leases are office accommodation for the Public Trustee. Lease payments are generally fixed with inflation escalation clauses.

The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2018

17. Commitments (Continued)

(b) Capital expenditure commitments

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

	2018 \$'000	2017 \$'000
Not later than one year	553	627
Later than one year and not later than five years	-	-
Later than 5 years	-	-
	553	627

(c) Contribution commitments

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

	2018 \$'000	2017 \$'000
Not later than one year	1,144	1,160
	1,144	1,160

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 2018, the Public Trustee was a party to the following litigation cases in progress.

	2018 Number of cases	2017 Number of cases
Supreme Court of Queensland	1	1
District Court of Queensland	2	2
Federal Court of Australia	-	1
Total	3	4

As at balance date, the Public Trustee has received notification of 21 other matters (2017: 26) 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.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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	2018 \$'000	2017 \$'000
Financial Assets			
Cash and cash equivalents	8	196,949	141,619
Receivables	9	15,966	14,369
Other financial assets	10	699,515	754,019
Total Financial Assets		912,430	910,007
Financial Liabilities			
Deposits held in trust	12	735,627	728,872
Payables		1,901	7,198
Total Financial Liabilities		737,528	736,070

No financial assets and 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 situation where 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 situation where 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	<p>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.</p> <p>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.</p>	<p>The Public Trustee does not trade in foreign currency and is not materially exposed to commodity price changes or other market prices.</p> <p>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.</p>

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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">• Maturity analysis• Monitoring the duration of the portfolio• 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.

Management of the Public Trustee's Investment Services Program (Investment Team) has been given a 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 cash and fixed interest portfolios and the following operating limits apply for the management of such assets:

Australian Fixed Interest	Operating Range	
Modified Duration	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 the authorised limits and ranges, within prescribed time limits.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

19. Financial Risks Disclosures (Continued)

(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.

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) Debt securities - fixed and floating rate

An analysis of the Public Trustee's exposure to debt issues is set out in the table below:

	2018 \$'000	2017 \$'000
Available for sale		
Semi-government bonds fixed interest debt securities		
'AAA' credit rating*	-	11,451
'AA+' credit rating*	88,728	95,941
'AA' credit rating*	25,279	19,982
'Aa2' credit rating**	1,489	1,481
Corporate fixed rate bonds		
'AAA' credit rating*	21,215	-
'AA-' credit rating*	110,118	62,035
'A+' credit rating*	-	14,042
Corporate floating rate notes		
'AAA' credit rating*	3,820	-
'AA-' credit rating*	126,691	126,912
'A+' credit rating*	-	3,815
'A' credit rating*	21,107	21,120
	398,447	356,779

* as determined by Standard and Poor's

** as determined by Moody's

(ii) QIC unit trust

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.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

19. Financial Risks Disclosures (Continued)

(c) Credit Risk (Continued)

(iii) Deposits – fixed and floating rate

An analysis of the Public Trustee's exposure to deposits by counterparty rating is set out below:

	2018 \$'000	2017 \$'000
'AAA' credit rating*	5,009	-
'AA-' credit rating*	252,665	325,564
'A+' credit rating*	-	15,154
'BBB+' credit rating*	-	13,204
	257,674	353,922

* as determined by Standard and Poor's

(iv) 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.

(d) Liquidity Risk

Liquidity risk is the risk that the Public Trustee 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 majority of the Public Trustee's investments are generally considered readily realisable, as they are instruments that are traded in active markets. The Investment Board has a policy on having a minimum of 5% of assets in a form able to be liquidated in 24 hours.

The Public Trustee is exposed to liquidity risk through its management and administration of amounts held on behalf of clients. The portfolio positioning is generally matched to the expected duration of the amounts held on behalf of clients.

Deposits held in trust are classified as current liabilities in the statement of financial position as they are available at call, however for the purpose of this note disclosure the maturity groupings below are based on the Public Trustee's estimate of the likely cash outflows that will arise from these liabilities. The amounts in the table are the undiscounted cash flows.

	< 1 year \$'000	1 – 4 years \$'000	4 – 7 years \$'000	> 7 years \$'000	Total \$'000
30 June 2018					
Deposits held in trust	185,790	113,613	67,496	368,728	735,627
Payables	1,901	-	-	-	1,901
Total	187,691	113,613	67,496	368,728	737,528
	< 1 year \$'000	1 – 4 years \$'000	4 – 7 years \$'000	> 7 years \$'000	Total \$'000
30 June 2017					
Deposits held in trust	186,258	112,150	66,580	363,884	728,872
Payables	7,198	-	-	-	7,198
Total	193,456	112,150	66,580	363,884	736,070

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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.

	2018 \$'000	2017 \$'000
Interest rate change +50 basis points		
Impact on Operating Result	(4,615)	(4,681)
Impact on Equity	(4,615)	(4,681)
Interest rate change -50 basis points		
Impact on Operating Result	4,531	4,618
Impact on Equity	4,531	4,618

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 2018

NOTES ABOUT OUR PERFORMANCE COMPARED TO BUDGET

21. Budget to Actual Comparison

This section discloses the Public Trustee's original published budgeted figures for 2017-18 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 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Revenue				
Fees	1	54,600	58,919	4,319
Interest revenue	2	30,494	28,176	(2,318)
Other revenue		3,002	3,346	344
Total Revenue		88,096	90,441	2,345
Expenses				
Employee expenses	3	54,667	52,321	2,346
Supplies and services		16,628	17,625	(997)
Depreciation and amortisation		2,170	2,280	(110)
Interest expense		12,124	11,745	379
Contributions		1,399	1,588	(189)
Other expenses		1,073	1,472	(399)
Total Expenses		88,061	87,031	1,030
Operating Result		35	3,410	3,375
Other Comprehensive Income				
<u>Items that will not be reclassified subsequently to operating result</u>				
Increase in asset revaluation surplus		-	598	598
<u>Items that will be reclassified subsequently to operating result when certain conditions are met</u>				
Net loss on available-for-sale financial assets		-	(1,213)	(1,213)
Total Other Comprehensive Income		-	(615)	(615)
Total Comprehensive Income		35	2,795	2,760

Explanations of Major Variances - Statement of Comprehensive Income

V1. Fees are higher than budget, mainly due to greater than anticipated professional services and other revenue.

V2. Interest revenue is lower than budget due to lower interest rates.

V3. Employee expenses are lower due to staff vacancies throughout the financial year. At 30 June 2018, there were 584 actual MOHRI FTEs compared to a budget of 609 FTEs.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

21. Budget to Actual Comparison (Continued)

Statement of Financial Position

	Variance Notes	Original Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Assets				
Current Assets				
Cash and cash equivalents	4	162,335	196,949	34,614
Receivables		14,659	15,966	1,307
Other financial assets	5	510,156	533,935	23,779
Prepayments & other		884	482	(402)
Property, plant and equipment held for sale		-	1,985	1,985
Total Current Assets		688,034	749,317	61,283
Non-Current Assets				
Other financial assets	5	202,848	165,580	(37,268)
Property, plant and equipment	6	50,607	40,158	(10,449)
Intangible assets		934	215	(719)
Total Non-Current Assets		254,389	205,953	(48,436)
Total Assets		942,423	955,270	12,847
Liabilities				
Current Liabilities				
Payables		3,075	1,901	1,174
Deposits held in trust		726,311	735,627	(9,316)
Accrued employee benefits		12,554	14,483	(1,929)
Total Current Liabilities		741,940	752,011	(10,071)
Non-Current Liabilities				
Accrued employee benefits		1,663	1,064	599
Total Non-Current Liabilities		1,663	1,064	599
Total Liabilities		743,603	753,075	(9,472)
Net Assets		198,820	202,195	3,375
Equity		198,820	202,195	3,375

Explanations of Major Variances - Statement of Financial Position

V4. Cash and cash equivalents are higher than budget largely due to maturing investments being held in cash pending improved interest rate conditions.

V5. Other financial assets are lower than budget due to more maturing investments being held in cash and cash equivalents instead of reinvesting into held-to-maturity term deposits pending improved interest rate conditions.

V6. Property, plant and equipment is lower than expected at balance date mainly due to the deferral of capital expenditure on buildings, most notably refurbishment works with respect to the Public Trustee's Brisbane head office and regional office buildings.

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The Public Trustee of Queensland
Notes to the Financial Statements
Year Ended 30 June 2018

21. Budget to Actual Comparison (Continued)

Statement of Cash Flows

	Variance Notes	Original Budget 2018 \$'000	Actual 2018 \$'000	Variance 2018 \$'000
Cash Flows From Operating Activities				
<i>Inflows:</i>				
Fees received		54,600	57,939	3,339
Interest revenue received		30,494	28,176	(2,318)
Other revenue received		988	977	(11)
GST collected from customers		-	7,479	7,479
Net amount (paid) / accepted as deposits held in trust	7	(1,073)	6,022	7,095
<i>Outflows:</i>				
Payments to suppliers and employees		(70,680)	(70,292)	388
GST paid to suppliers		-	(3,636)	(3,636)
GST remitted to ATO		-	(4,050)	(4,050)
Interest expense		(12,124)	(11,745)	379
Net Cash From Operating Activities		2,205	10,870	8,665
Cash Flows From Investing Activities				
<i>Inflows:</i>				
Sales of other financial assets	8	152,653	193,248	40,595
<i>Outflows:</i>				
Payments for other financial assets	8	(152,653)	(144,251)	8,402
Payments for property, plant and equipment	9	(13,481)	(4,461)	9,020
Net Cash Flow From Investing Activities		(13,481)	44,536	58,017
Net (Decrease)/Increase in Cash and Cash Equivalents		(11,276)	55,406	66,682
Cash and Cash Equivalents At Beginning of the Financial Year		173,611	184,937	11,326
Cash and Cash Equivalents At End Of the Financial Year		162,335	240,343	78,008

Explanations of Major Variances - Statement of Cash Flows

V7. The net amounts accepted as deposits held in trust were greater than expected due to increased client balances in respect of financial management clients.

V8. 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.

V9. Payments for property, plant and equipment were lower than expected for the year due to the deferral of capital expenditure on buildings, most notably refurbishment works with respect to the Brisbane head office and regional office buildings.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

21. Budget to Actual Comparison (Continued)

Administered Unclaimed Moneys

	Variance Notes	Original Budget 2018 \$'000	Actual 2018 \$'000	Variance \$'000
Administered Income				
Interest from investing activities		704	717	13
Unclaimed moneys recognised as consolidated revenue	10	2,616	2,442	(174)
Total		3,320	3,159	(161)
Administered Expenses				
Other expenses	11	1,134	980	154
Amount transferable to government		2,186	2,179	7
Total		3,320	3,159	161
Net Surplus/(Deficit)		-	-	-
Administered Assets				
Current				
Receivables	12	3,320	3,159	(161)
Total		3,320	3,159	(161)
Administered Liabilities				
Current				
Payables	13	3,320	3,159	161
Total		3,320	3,159	161
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 2018 was \$42.3m (2017: \$37.9m). Please refer financial statement Note 22 for details.

Explanations of Major Variances - Administered Unclaimed Moneys

V10. 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.

V11. Other expenses (including management fees payable to the Public Trustee) were lower in line with unclaimed moneys recognised as consolidated revenue .

V12. Receivables are lower due to reduced consolidated revenue recoverable from Queensland Treasury (refer V10).

V13. Payables are lower due to reduced management fees payable to the Public Trustee (Refer V11).

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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.

	2018 \$'000	2017 \$'000
Administered Income		
Interest from investing activities	717	704
Unclaimed Moneys recognised as Consolidated Revenue	2,442	3,008
Total	3,159	3,712
Administered Expenses		
Management fees	259	298
Capital rebate fee	721	396
Revenue transferable to government	2,179	3,018
Total	3,159	3,712
Net Surplus/(Deficit)	-	-
Administered Assets		
Current		
Receivables	980	693
Other financial assets	44,468	40,939
Total	45,448	41,632
Administered Liabilities		
Current		
Payables	3,159	3,757
Total	3,159	3,757
Non-Current		
Unclaimed moneys fund balance	42,289	37,875
Total	42,289	37,875
Net Assets	-	-

During 2017-18, funds totalling \$3.1m (2017 \$2.6m) 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 2018

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 in specie 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 2018

	Deposits At Call	Other Investments	Pre & Post Retirement Products	Realty and Homes	Other	PT Growth Trust	Total
Clients	\$'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

Clients Assets Held outside the Common Fund at 30 June 2017

	Deposits At Call	Other Investments	Pre & Post Retirement Products	Realty and Homes	Other	PT Growth Trust	Total
Clients	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial management	55,103	78,102	200,024	313,949	150,225	123,500	920,903
Deceased estates	55,156	28,203	16,251	241,609	14,142	-	355,361
Minors, general and testamentary trusts	35,555	24,364	1,561	125,804	8,717	176,504	372,505
Other clients	9,389	15,895	3,193	19,628	15,575	12,437	76,117
Total	155,203	146,564	221,029	700,990	188,659	312,441	1,724,886

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.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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 2018 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 2018, the total amount of client funds held in the Growth Trust was \$330.0m (2017: \$312.4m). 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.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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 2017-18 and 2016-17, 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.
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.

(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 2018

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.

2017-18

Position	Short Term Employee Expenses			Long Term Employee Expenses	Post Employment Expenses	Termination Benefit	Total
	Base	Vehicle Allowance & Annual Leave	Non - monetary				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Public Trustee of Queensland	331	4	-	7	42	-	384
Deputy Public Trustee and Official Solicitor	205	26	-	10	25	-	266
Executive Director, Client Experience & Delivery	172	30	-	2	21	-	225
Executive Director, Digital & Technology	186	37	-	2	24	-	249
Executive Director, Investment & Finance Services & CFO	159	35	-	4	18	-	216
Total Remuneration	1,053	132	-	25	130	-	1,340

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

24. Key Management Personnel Disclosures (Continued)

(c) Key Management Personnel Remuneration Expense (Continued)

2016-17

Position	Short Term Employee Expenses			Long Term Employee Expenses	Post Employment Expenses	Termination Benefit	Total
	Base	Vehicle Allowance & Annual Leave	Non - monetary				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Public Trustee of Queensland	323	19	-	-	41	-	383
Deputy Public Trustee of Queensland and Official Solicitor	197	22	-	8	25	-	252
Executive Director Client Services (1/7/16-2/10/16)	44	12	-	-	6	40	102
A/Executive Director, Client Experience & Delivery (12/12/16-31/3/17)	43	4	7	1	5	-	60
Executive Director, Client Experience & Delivery (2/5/17 to 30/6/17)	25	6	-	-	3	-	34
A/Executive Director, Digital & Technology (12/12/16-7/4/17)	43	4	8	-	6	-	61
Executive Director, Digital & Technology (11/4/17 to 30/6/17)	38	7	-	-	5	-	50
Executive Director, Investment & Finance Services & CFO (1/7/16 to 2/6/17)	157	24	-	-	21	46	248
A/Executive Director, Investment & Finance Services & CFO (5/6/17 to 30/6/17)	9	2	-	-	1	-	12
Total Remuneration	879	100	15	9	113	86	1,202

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

25. Related Party Transactions

i. Transactions with people/entities related to KMP

During the year ended 30 June 2018, 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 receives archival services from the Queensland State Archives, free of charge. The total fair value of archival services received in respect of 2017-18 was \$1.7m (2017: \$1.9m).

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 2017-18 was \$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 the Office of The Public Guardian and Civil Law Legal Aid which is administered by Legal Aid Queensland. 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 (ATO) 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 2017-18.

(ii) Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2017-18.

(iii) Accounting Standards Applied for the First Time

AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107

This standard required additional disclosures to enable the reader to evaluate changes in liabilities arising from financing activities. The disclosures required include both cash flows and non-cash changes between the opening and closing balance of the relevant liabilities and be disclosed by way of reconciliation in the notes to the Statement of Cash Flows.

This standard has had no impact on the Public Trustee's financial statements as there was no financing activity recorded during 2017-18.

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The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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 from its financial statements for 2019-20.

The Public Trustee has commenced analysing the new revenue recognition requirements under these standards and is yet to form conclusions about significant impacts. Potential future impacts identifiable at the date of this report are as follows:

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from the provision of the Public Trustee's services such that some revenue may need to be deferred to a later reporting period to the extent that the Public Trustee has charged a fee but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime). The Public Trustee is yet to complete its analysis of existing arrangements for provision of its services and the impact, if any, on revenue recognition has not yet been determined.

The Public Trustee does not currently have any revenue contracts with a material impact for the period after 1 July 2018, and will monitor the impact of any such contracts subsequently entered into before the new standards take effect.

A range of new disclosures will also be required by the new standards in respect of the corporation's revenue.

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)

These standards will first apply to the Public Trustee from its financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the Public Trustee are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Public Trustee's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Public Trustee has reviewed the impact of AASB 9 on the classification and measurement of its financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 on the categorisation and valuation of the amounts reported in Notes 8 and 10.

- i. There will be no change to either the classification or valuation of the cash and cash equivalent item.
- ii. Trade receivables will be classified and measured at amortised cost, similar to the current classification of receivables. However, new impairment requirements will result in a provision being applied to all receivables rather than only on those receivables that are credit impaired. The Public Trustee will be adopting the simplified approach under AASB 9 and measure lifetime expected credit losses on all trade receivables and contract assets using a provision matrix approach as a practical expedient to measure the impairment provision. The Public Trustee has estimated the impact of applying this approach on the provision for impairment for trade receivables on transition at 1 July 2018 as immaterial.
- iii. All financial assets listed in Note 10 will no longer be classified as held-to-maturity or available for sale. Instead, they will be classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income with no change from their existing measurement basis. As such, no change to the opening balances of these financial assets is expected on 1 July 2018.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

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

AASB 9 Financial Instruments and AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) (Continued)

The Public Trustee is not required to restate comparative figures for financial instruments on adopting AASB 9 as from 2018-19. Aside from a number of one-off disclosures in the 2018-19 financial statements to explain the impact of adopting AASB 9, a number of new or changed disclosure requirements will apply from that time. Assuming no change in the types of financial instruments that the Public Trustee enters into, the most likely ongoing disclosure impacts are expected to relate to the credit risk of financial assets subject to impairment, and investments in unquoted equity instruments measured at fair value through other comprehensive income and de-recognition of these items.

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

Unlike AASB 117 *Leases*, AASB 16 introduces a single lease accounting model for lessees. Lessees will be required to recognise a right-of-use asset (representing rights to use the underlying leased asset) and a liability (representing the obligation to make lease payments) for all leases with a term of more than 12 months, unless the underlying assets are of low value.

In effect, the majority of operating leases (as defined by the current AASB 117) will be reported on the statement of financial position under AASB 16. There will be a significant increase in assets and liabilities for agencies that lease assets. The impact on the reported assets and liabilities would be largely in proportion to the scale of the agency's leasing activities.

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. If a lessee chooses to apply the 'cumulative approach', it does 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.

Internal-to-Government leases

The Public Trustee has a number of cancellable motor vehicle leases with QFleet that are not presently included as part of the operating lease commitments note as they do not constitute a lease under AASB 117 and Accounting Interpretation 4. The Public Trustee is also awaiting confirmation from Queensland Treasury that QFleet arrangements will continue to fall outside the requirements of AASB 16 for on-balance sheet accounting.

The Public Trustee of Queensland

Notes to the Financial Statements

Year Ended 30 June 2018

External-to-Government leases

For leases with external lessors, these comprise arrangements for the right-of-use of the Public Trustee office premises in Brisbane and regional Queensland.

The Public Trustee estimates, based on the current operating lease commitments totalling \$3.9m, a right of use asset would be recognised in the Statement of Financial Position on transition of approximately \$7.0m. The full impact of the standard including disclosures will be disclosed in the 2018-19 financial statements.

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.

**Certification of the Public Trustee of Queensland
For The Year Ended 30 June 2018**

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 2018 and of the financial position of the at the end of that year; and
- (c) these assertions are based on an appropriate system of internal controls and risk management processes being effective, in all material respects, with respect to financial reporting throughout the reporting period.



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



Peter Carne
BALLB FAICD
Public Trustee of Queensland

23 Brisbane
August 2018

23 Brisbane
August 2018

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 2018, 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 2018, 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 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 2018, 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.

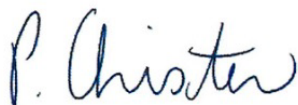
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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 2018:

- 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.



P CHRISTENSEN
as delegate of the Auditor-General

27 August 2018

Queensland Audit Office
Brisbane

The Public Trustee of Queensland Growth Trust

ABN 95 792 610 481

Financial Statements Year Ended 30 June 2018

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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 call (07) 3213 9288, email clientenq@pt.qld.gov.au or visit the Public Trustee's internet site at www.pt.qld.gov.au.

The Public Trustee of Queensland Growth Trust
Statement of Comprehensive Income
Year Ended 30 June 2018

	Notes	2018 \$'000	2017 \$'000
Investment Income			
Interest income		19	14
Net gains on financial instruments held at fair value through profit or loss	1	6,369	21,919
Distribution income	2	16,406	19,141
Other income		-	100
Total Net Investment Income		22,794	41,174
Expenses			
Trustee fees		(4,914)	(4,701)
Total Operating Expenses		(4,914)	(4,701)
Profit		17,880	36,473
Finance Costs Attributable To Unitholders			
Distribution to unitholders	3	(11,630)	(14,454)
Increase in net assets attributable to unitholders	5	(6,250)	(22,019)
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 2018

	Notes	2018 \$'000	2017 \$'000
Assets			
Cash and cash equivalents	6	332	502
Distribution receivable		6,850	5,555
Other receivable		44	42
Financial assets held at fair value through profit or loss	7	323,293	312,388
Total Assets		330,519	318,487
Liabilities			
Distributions payable	3	5,720	4,383
Redemption payable		282	436
Trustee fees payable		435	413
Total Liabilities (Excluding Net Assets Attributable to Unitholders)		6,437	5,232
Net Assets Attributable to Unitholders - Liability	5	324,082	313,255

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 2018

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 2018

	Notes	2018 \$'000	2017 \$'000
Cash Flows From Operating Activities			
Interest received		18	13
Reduced input tax credit – received		257	246
Distributions received		15,110	19,282
Trustee fees paid		(5,151)	(4,931)
Proceeds from sale of financial instruments held at fair value through profit or loss		16,274	25,099
Purchase of financial instruments held at fair value through profit or loss		(20,808)	(18,408)
Net Cash Flows From Operating Activities		5,700	21,301
Cash Flows From Financing Activities			
Proceeds from applications of units by unitholders		30,292	28,266
Payments for redemptions of units by unitholders		(25,868)	(34,479)
Distributions paid		(10,294)	(14,726)
Net Cash Flows Used In Financing Activities		(5,870)	(20,939)
Net (Decrease)/Increase in Cash and Cash Equivalents		(170)	362
Cash and Cash Equivalents at Beginning of the Financial Year		502	140
Cash and Cash Equivalents at End of the Financial Year		332	502

The above statement should be read with the accompanying notes.

The Public Trustee of Queensland Growth Trust

Statement of Cash Flows Year Ended 30 June 2018

	2018 \$'000	2017 \$'000
Reconciliation of Cash Flows From Operating Activities		
Increase in net assets attributable to unitholders	6,250	22,019
Distributions paid to unitholders	11,630	14,454
Net change in financial instruments held at fair value through profit or loss	(10,905)	(15,328)
Net change in receivables and other assets	(1,297)	139
Net change in payables	22	17
Net Cash Inflow from Operating Activities	5,700	21,301

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 2018

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The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

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 2018 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 a wide range of investment options to meet their lifestyle requirements.

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

These financial statements were prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

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 2018

NOTES ABOUT OUR FINANCIAL PERFORMANCE

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

	2018	2017
	\$'000	\$'000
Financial assets	6,369	21,919
Net gain/(loss) on financial assets held at fair value through profit or loss	6,369	21,919

Accounting Policy - Financial Instruments

Classification

The Trust's investments are classified at fair value through profit or loss. They are comprised of financial instruments designated at fair value through profit or loss upon initial recognition.

Financial assets designated at fair value through profit or losses upon initial recognition are those that 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.

The fair value of financial instruments is based on their quoted market prices at the reporting date without any deduction for estimated future selling costs.

Investments in unlisted unit trusts are recorded at the exit price as reported by the managers of the trusts.

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 2018

2. Distribution Income

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

	2018	2017
	\$'000	\$'000
Distributions	16,406	19,141
Total distributions from financial assets held at fair value through profit or loss	16,406	19,141

Accounting Policy – Distribution Income

Trust distributions are recognised when the right to receive payment is established.

3. Distribution to Unitholders

The distributions for the year were as follows:

	2018	2018	2017	2017
	\$'000	CPU*	\$'000	CPU*
Distribution paid - 30 September 2017	1,160	0.3242	2,575	0.7151
Distribution paid - 31 December 2017	2,030	0.5640	1,938	0.5354
Distribution paid - 31 March 2018	2,720	0.7482	5,558	1.5440
Distribution payable - 30 June 2018	5,720	1.5828	4,383	1.2301
Total distribution	11,630	3.2192	14,454	4.0246

* 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.

The distribution amount payable to unitholders at the end of each reporting period is recognised separately 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 \$20,500 (2017: \$20,000) 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.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

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:

	2018	2017
Amount	\$'000	\$'000
Opening balance	313,255	297,885
Applications	30,292	28,266
Redemptions	(25,715)	(34,915)
Change in net assets attributable to unitholders	6,250	22,019
Closing balance	324,082	313,255

Units (No's)	Unit No's '000	Unit No's '000
Opening balance	356,322	364,029
Application	33,628	32,873
Redemptions	(28,598)	(40,580)
Closing balance	361,352	356,322

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 or selling assets within the Trust. 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 2018

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 significantly on a daily basis as the Trust is subject to daily applications and redemptions at the discretion of unitholders.

The Public Trustee reviews the daily applications and redemptions relative to the liquidity of the Trust's underlying assets on a daily basis. From 1st July 2018, this will be changed 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 and other short term, highly liquid investments with original maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Payments and receipts relating to the purchase and sale of investment securities are classified as cash flows from operating activities, as movements in the fair value of these securities represent the Trust's main income generating activities.

The Public Trustee of Queensland Growth Trust
Notes to the Financial Statements
Year Ended 30 June 2018

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

	2018	2017
	\$'000	\$'000
Designated at fair value through profit or loss		
Unlisted unit trusts	323,293	312,388
Total financial assets held at fair value through profit or loss	323,293	312,388

Comprising:

Unlisted unit trusts

Units in growth trusts	320,669	309,107
Units in cash trusts	2,624	3,281
Total	323,293	312,388

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.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

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 by level of 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 (level 2); and
- Level 3 - Inputs for the asset or liability that are substantially derived from unobservable inputs.

The Trust's financial assets at FVTPL are all investments in QIC unlisted unit trusts and are classified within level 2 as these markets are not considered to be active but are valued based on alternative pricing sources supported by observable inputs. 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 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's investment activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

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 and not on a look-through basis to the underlying investments of the unlisted unit trusts that the Trust primarily holds.

(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 the management of risk. 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.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

10. Financial Risk Management (Continued)

(a) Risk Management Framework (Continued)

The Investment Manager of the QIC Growth Fund will set asset allocation targets within the approved Dynamic Asset Allocation (DAA) and alter 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 in the case of interest rate and other price risks and ratings analysis for credit risk.

(b) Market Risk

(i) Price Risk

The Trust is exposed to securities price risk. This arises from investments held by the Trust for which prices in the future are uncertain, in particular the investments in unlisted unit trusts. Investments are classified in the statement of financial position as at fair value through profit or loss. All investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

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 as at 30 June 2018.

QIC Growth Trust Asset Class	Dynamic Asset Allocation Ranges		Actual Exposure	Actual Exposure
	Minimum	Maximum	2018	2017
Global equities	25%	75%	54%	52%
Global fixed interest	-15%	35%	7%	8%
Other alternatives	-10%	40%	14%	14%
Cash	-15%	35%	15%	16%
Global real estate	0%	15%	5%	5%
Global infrastructure	0%	15%	3%	3%
Global private equity	0%	10%	2%	2%

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

10. Financial Risk Management (Continued)

(b) Market Risk (Continued)

(i) Price Risk (Continued)

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 9.0% (2017: 9.0%) and decreased by 9.0% (2017: 9.0%) with all other variables held constant.

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

	2018	2017
	\$000	\$000
Impact on Operating Profit/Net Assets Attributable to Unitholders		
Fair value of investments in unlisted unit trusts increased by 9.0% (2017:9.0%)	29,096	28,115
Fair value of investments in unlisted unit trusts decreased by 9.0% (2017:9.0%)	(29,096)	(28,115)

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 9.0% 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 counterparty will be unable to pay 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.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

10. Financial Risk Management (Continued)

(c) Credit Risk (Continued)

(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.

(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 Trust has been exposed to daily cash redemptions of redeemable units during the financial year. From 1 July 2018, this will change to twice weekly. 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 2017 and 2018 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 2018 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 2018 and 30 June 2017.

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

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 fees of the Trust (including GST and reduced by RITCs) are 1.52% (2017: 1.52%).

The Public Trustee of Queensland Growth Trust

Notes to the Financial Statements

Year Ended 30 June 2018

14. Related Party Transactions (Continued)

(iii) Trustee Fee Rebate

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

	30 June 2018	30 June 2017
Net asset value	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% (2017: 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 2018

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

Changes in Accounting Policy

The Trust did not voluntarily change any of its accounting policies during 2017-18.

Accounting Standards Early Adopted

No Australian Accounting Standards have been early adopted for 2017-18.

Accounting Standards Applied for the First Time

There are no standards, interpretations or amendments to existing standards that are effective for the first time for the financial year beginning 1 July 2017 that have a material impact on the Trust.

17. 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 9 *Financial Instruments* (and applicable amendments)

This standard will first apply to the Trust's financial statements for 2018-19 with a 1 July 2018 date of transition. The main impacts of these standards on the Trust are that they will change the requirements for the classification, measurement, impairment and disclosures associated with the Trust's financial assets. AASB 9 will introduce different criteria for whether financial assets can be measured at amortised cost or fair value.

The Public Trustee has reviewed the impact of AASB 9 on the classification and measurement of the Trust's financial assets. The following summarises the estimated impact (or ranges of estimates) of AASB 9 in relation to the change of categorisation and valuation of the amounts reported in Note 7.

- i. All financial assets listed in Note 7 will continue to be classified as fair value through profit or loss with no change from their existing measurement basis. As such, no change to the opening balances of these financial assets is expected on 1 July 2018.
- ii. AASB 9 introduces a new impairment model, however, as the Trust's investments are held at fair value through profit or loss, the change in impairment rules will not impact the Trust.

The Public Trustee of Queensland Growth Trust

The Public Trustee of Queensland's Declaration

Year Ended 30 June 2018

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
- c) The statements present fairly, in accordance with prescribed accounting standards, the transactions of the Trust for the period ended 30 June 2018 and of the financial position of the Trust at the end of that year.



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



Peter Carne
BA, LLB, FAICD
Public Trustee of Queensland

Brisbane
23 August 2018

Brisbane
23 August 2018

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 2018, 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 2018, 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 2018, 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.



John Welsh
as delegate of the Auditor-General

23 August 2018

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 Glossary 	ARRs – section 9.1	iii 45
	<ul style="list-style-type: none"> Public availability 	ARRs – section 9.2	ii
	<ul style="list-style-type: none"> Interpreter service statement 	Queensland Government Language Services Policy. ARRs – section 9.3	li
	<ul style="list-style-type: none"> Copyright notice 	Copyright Act 1968 ARRs – section 9.4	ii
	<ul style="list-style-type: none"> Information Licensing 	QGEA – Information Licensing. 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"> Agency role and main functions 	ARRs – section 10.2	4-5
	<ul style="list-style-type: none"> Machinery of Government changes 	ARRs – section 31 and 32	N/A
	<ul style="list-style-type: none"> Operating environment 	ARRs – section 10.3	10-13
Non-financial performance	<ul style="list-style-type: none"> Government's objectives for the community 	ARRs – section 11.1	14
	<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	11
	<ul style="list-style-type: none"> Agency service areas and service standards 	ARRs – section 11.4	16
Financial performance	<ul style="list-style-type: none"> Summary of financial performance 	ARRs – section 12.1	19-21
Governance – management and structure	<ul style="list-style-type: none"> Organisational structure 	ARRs – section 13.1	26
	<ul style="list-style-type: none"> Executive management 	ARRs – section 13.2	23-25

	<ul style="list-style-type: none"> Government bodies (statutory bodies and other entities) 	ARRs – section 13.3	30-31
	<ul style="list-style-type: none"> <i>Public Sector Ethics Act 1994</i> 	<i>Public Sector Ethics Act 1994</i> . ARRs – section 13.4	33
	<ul style="list-style-type: none"> Queensland public service values 	ARRs – section 13.5	34-35
Governance – risk management and accountability	<ul style="list-style-type: none"> Risk management 	ARRs – section 14.1	37
	<ul style="list-style-type: none"> Audit committee 	ARRs – section 14.2	31-32
	<ul style="list-style-type: none"> Internal audit 	ARRs – section 14.3	38
	<ul style="list-style-type: none"> External scrutiny 	ARRs – section 14.4	38
	<ul style="list-style-type: none"> Information systems and recordkeeping 	ARRs – section 14.5	439
Governance – human resources	<ul style="list-style-type: none"> Strategic workforce planning and performance 	ARRs – section 15.1	40-41
	<ul style="list-style-type: none"> Early retirement, redundancy and retrenchment 	Directive No.11/12 <i>Early Retirement, Redundancy and Retrenchment</i> and Directive No.16/16 <i>Early Retirement, Redundancy and Retrenchment</i> (from 20 May 2016) ARRs – section 15.2	41
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	92, 116
	<ul style="list-style-type: none"> Independent Auditor's Report 	FAA – section 62 FPMS – section 50 ARRs – section 17.2	93-95, 117-119

FAA *Financial Accountability Act 2009*

FPMS *Financial and Performance Management Standard 2009*

ARRs *Annual report requirements for Queensland Government agencies*

