

PART 10

Public Trust Office

Summary of departmental Budgets

Page	Agency	2009–10 Estimate \$'000
1-253	The Public Trust Office - controlled	66,167
	The Public Trust Office - administered	2,002

Departmental Overview

Ministerial responsibility

The Attorney-General and Minister for Industrial Relations has responsibility for the Public Trust Office.

Strategic Issues

- Established on 1 January 1916, the Public Trustee of Queensland (PTQ) supports the people of Queensland by carrying out many functions for the Queensland Government including:
 - administering deceased estates and trusts, making wills and enduring powers of attorney, and providing financial management for people with a decision-making disability;
 - acting as trustee of philanthropic trusts such as the Queensland Community Foundation, the Forde Foundation, the Queensland Aboriginal and Torres Strait Islander Foundation and the Lady Bowen Trust;
 - providing community service obligations, at no cost to government, budgeted at \$21 million in 2009-10, which includes \$15.2 million for managing the financial affairs of people with a decision-making disability, \$3.0 million for the preparation of wills, \$0.16 million to fund the Civil Law Legal Aid Scheme and funding for the Office of the Adult Guardian of \$1.0 million.
- The current global financial crisis has had a severe effect on the source of funding of services provided to the people of Queensland by the PTQ as the income received from our investments has been the primary source of funding for the provision of community service obligations (\$21 million in 2009-10).
- In 2008-09, the projected deficit of \$11.6 million is driven by unrealised losses in Common Fund investments. However, these losses are offset by unrealised gains in the balance sheet of \$16.4 million, resulting in an estimated total Common Fund return of \$4.8 million.
- Over the last decade, the Public Trustee has provided custodian services for a number of managed investment schemes and acted as trustee for a number of debenture and note issues by Companies, under Chapter 21 of the *Corporations Act 2001*. The Public Trustee has decided to withdraw from this activity and has taken the appropriate steps to effect an orderly withdrawal from each scheme, having regard to the interests of the investors and companies involved in the schemes.
- The PTQ is currently undertaking a review of its fees and charges to ensure that the PTQ can continue to provide services to the people of Queensland at no cost to the Government.
- The number of appointments of the PTQ as the financial administrator for persons with limited personal and financial support continues to increase. The increasing number of appointments adds to the cost of providing community service obligations.
- The ageing of Queensland's population together with the growing incidences of elder abuse, particularly involving financial misappropriation, has also generated an increased need for financial administration of complex matters.
- Over the last decade or so, the trend towards couples holding assets as joint tenants has decreased the number of simple deceased estates requiring formal administration. However, the number of more complex estates has increased which has had a positive impact on revenue. The budgeted number of new estates is consistent over recent years.

- The PTQ is taking an active role in the second stage of the review of the *Guardianship and Administration Act 2000* being undertaken by the Queensland Law Reform Commission.

2009–10 Highlights

- The PTQ expects to maintain a steady growth of core business activities.
- In 2009-10 the budgeted deficit is \$2.5 million and this is mainly due to the lower Common Fund yields as a result of the effect of the global financial crisis.
- The PTQ is conducting an ongoing process to review and improve work processes to enhance will-making, deceased estates, private executor services and disability services to meet the needs of the people of Queensland.
- In consultation with the Queensland Investment Corporation, the PTQ is implementing a revised investment strategy for the Public Trustee Investment Funds to maintain performance within desired risk return parameters, particularly in view of the Global Financial Crisis and the prevailing and projected economic environment.

2008–09 Achievements

- The PTQ was appointed as the trustee of the Queensland Aboriginal and Torres Strait Islander Foundation with initial funds of \$27.1 million.
- The Queensland Community Foundation now has \$27.5 million of charitable funds under management (including bequests) and over \$339.3 million of pledged bequests.
- The PTQ is maintaining its status as the preferred financial administrator for adults with a decision-making disability. As at 31 March 2009 the PTQ was:
 - appointed as financial manager in approximately 76% of new appointments made by the Guardianship and Administration Tribunal;
 - reappointed as financial administrator in 85% of review hearings;
 - appointed as financial administrator in 27% of review hearings of private appointments.

Departmental Outputs

The major outputs of the PTQ are financial administration for adults with impaired capacity, administering deceased estates and acting as trustee.

The management and staff of the PTQ are committed to its mission statement, which is “to deliver a full range of professional, accessible and reliable trustee, financial and related services in a supportive, compassionate and ethical manner”.

By delivering a range of services to achieve its mission, the PTQ plays an essential role in assisting to achieve the Government’s priority of “Fostering healthy individuals and communities”.

Staffing

The PTQ had 502 budgeted full-time staff equivalent positions (FTEs) in 2008-09.

The Public Trust Office had 494.75 FTEs as at 31 March 2009 and has budgeted for 504 FTEs in 2009-10.

Administered Items

Description

Under section 25 of the *Public Trustee Act 1978*, the Public Trustee administers the Unclaimed Moneys Fund on behalf of the Queensland Government. The Unclaimed Moneys Fund represents moneys received from various sources through a variety of statutory provisions dealing with unclaimed moneys or other property. The major source of money held by the Public Trust Office comprises the proceeds of deceased estates where beneficiaries cannot be found and dividends for shareholders who cannot be located.

Financial Statements in relation to Administered Items appear on the following pages.

Departmental Statements

Performance Statement

Public Trust Office	Notes	2008-09 Target/Est	2008-09 Est.Actual	2009-10 Target/Est.
Number of deceased estate matters received for administration		2,457	2,445	2,403
Number of protective management matters under administration		6,952	7156	7,228
Number of other trust matters under administration		6,414	6,410	6,294
Number of commercially uneconomical protective management and trust matters managed at no cost to Government		8,216	8,331	8,498
Number of Enduring Powers of Attorney prepared	1	3,662	3,427	3,277
Number of wills prepared		21,552	21,063	20,141
Free advice to the Public (Hours)	2	3,789	4,255	4,274
Degree of compliance with Client Service Standards (as measured by Client Satisfaction Survey)		97%	97%	97%
Administration of Deceased Estates finalised within 12 months		70%	77%	70%
Enduring Powers of Attorney to be prepared within 1 day of receipt of client instructions		98%	98%	98%
Wills to be prepared within 1 day of receipt of client instructions		98%	98%	98%
Total cost of administering deceased estate matters		11,850	10,876	11,366
Administration of commercially uneconomical deceased estates		66	75	67
Total cost of administering protective management matters		16,773	18,080	18,894
Total cost of administering other trust matters	3	3,940	4,842	5,060
Managing the commercially uneconomical affairs of people with a disability and prisoners' estates	4	13,800	15,292	16,636
Total cost of preparing Enduring Powers of Attorney	1	333	260	272
Cost of providing free will-making service		3,361	2,642	2,761
Cost of providing free advice to the public	2	607	720	752
Funding for the Adult Guardian		948	948	989
Funding for Legal Aid Assistance	5	248	158	165
Management of prisoners – criminal compensation and civil actions		57	58	61
State Contribution (\$'000)		72,130	63,307	63,680
Other Revenue (\$'000)		71,697	74,925	66,167
Total Cost (\$'000)		71,697	74,925	66,167

Notes:

1. Demand for EPAs for people not appointing the PTO has been less than expected.
2. Item is difficult to both estimate and measure as most of this advice is to people who are not clients.
3. Increase due to reclassification of some costs to "other trust matters" (previously part of protective management matters).
4. Costs have increased as more fees are rebated as a result of the current economic climate.
5. 2008-09 estimated actual is lower than budget due to higher recovery of legal costs by Legal Aid Queensland.

Income Statement

Public Trust Office	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
Income				
Output revenue		..	..	..
User charges	1	41,783	40,329	39,971
Grants and other contributions		..	..	..
Other revenue	2,8,14	30,347	22,978	23,709
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		72,130	63,307	63,680
Expenses				
Employee expenses	9,15	35,005	35,232	37,766
Supplies and services	3,10	11,387	12,564	12,656
Grants and subsidies		1,028	1,021	1,061
Depreciation and amortisation	4,11	2,226	1,703	1,708
Finance/borrowing costs	5,12,16	15,792	13,506	7,560
Other expenses	6,13	6,259	5,118	5,416
Losses on sale/revaluation of property, plant and equipment and investments	7,17	..	5,781	..
Total expenses		71,697	74,925	66,167
OPERATING SURPLUS/(DEFICIT)		433	(11,618)	(2,487)

Statement of Changes in Equity

Public Trust Office	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments		..	..	..
Increase/(decrease) in asset revaluation reserve		9,891	..	..
Net amount of all revenue and expense adjustments direct to equity not disclosed above		..	..	..
Net income recognised directly in equity		9,891	..	..
Surplus/(deficit) for the period	18	433	(11,618)	(2,487)
Total recognised income and expense for the period		10,324	(11,618)	(2,487)
Equity injection/(withdrawal)		..	..	..
Equity adjustments (MoG transfers)		..	..	..
Total movement in equity for period		10,324	(11,618)	(2,487)

Balance Sheet

Public Trust Office	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
CURRENT ASSETS				
Cash assets	19,29	137,367	152,956	149,791
Receivables	20,30	4,269	3,749	3,749
Other financial assets	21,31	276,376	306,770	308,406
Inventories		..	..	..
Other	22,32	329	665	665
Non-financial assets held for sale		..	..	..
Total current assets		418,341	464,140	462,611
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment	23,33	71,550	51,453	54,504
Intangibles	34,40	443	368	1,531
Other		..	..	..
Total non-current assets		71,993	51,821	56,035
TOTAL ASSETS		490,334	515,961	518,646
CURRENT LIABILITIES				
Payables	24,35	2,849	4,382	4,382
Employee benefit obligations	25,36	4,523	2,970	3,257
Interest-bearing liabilities and derivatives	26,37	314,723	346,160	350,695
Provisions		804	820	870
Other		..	..	..
Total current liabilities		322,899	354,332	359,204
NON-CURRENT LIABILITIES				
Payables		..	..	..
Employee benefits obligations	25,36	7,267	6,708	7,008
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		7,267	6,708	7,008
TOTAL LIABILITIES		330,166	361,040	366,212
NET ASSETS/(LIABILITIES)		160,168	154,921	152,434
EQUITY				
Capital/contributed equity		..	..	..
Retained surplus/(accumulated deficit)	27,38,41	8,862	3,051	564
Reserves:				
- Asset revaluation reserve	28,39	51,915	45,456	45,456
- Other (specify)	27,38	99,391	106,414	106,414
TOTAL EQUITY		160,168	154,921	152,434

Cash Flow Statement

Public Trust Office	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Output receipts		..	..	..
User charges		41,783	43,800	39,971
Grants and other contributions		..	..	..
Other	42,49	30,347	23,234	23,709
Outflows:				
Employee costs	56	(34,605)	(35,257)	(37,129)
Supplies and services	43,50,57	(11,387)	(15,846)	(12,656)
Grants and subsidies		(1,028)	(1,021)	(1,061)
Borrowing costs	44,51,58	(17,039)	(12,138)	(7,560)
Other	45,52	(6,259)	(4,989)	(5,416)
Net cash provided by/(used in) operating activities		1,812	(2,217)	(142)
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment		..	..	..
Investments redeemed	46,53,59	28,542	33,570	15,000
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	47,54,60	(7,974)	(1,750)	(5,922)
Payments for investments	46,53,59	..	(34,249)	(16,636)
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		20,568	(2,429)	(7,558)
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	48,55,61	4,400	55,607	4,535
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		4,400	55,607	4,535
Net increase/(decrease) in cash held		26,780	50,961	(3,165)
Cash at the beginning of financial year		110,587	101,995	152,956
Cash transfers from restructure		..	..	..
Cash at the end of financial year		137,367	152,956	149,791

Administered Income Statement

Public Trust Office	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
Revenues				
Commonwealth grants	
Taxes, fees and fines	
Royalties, property income and other territorial Revenue	
Interest		217	217	206
Administered revenue	
Other		1,796	1,796	1,796
Total revenues		2,013	2,013	2,002
Expenses				
Supplies and services		101	101	100
Depreciation and amortisation	
Grants and subsidies	
Benefit payments	
Borrowing costs		1,912	1,912	1,902
Other	
Total expenses		2,013	2,013	2,002
Net surplus or deficit before transfers to Government	
Transfers of administered revenue to Government	
OPERATING SURPLUS/(DEFICIT)	

Administered Balance Sheet

Public Trust Office	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
CURRENT ASSETS				
Cash assets	
Receivables	
Inventories	
Other		761	761	761
Non-financial assets held for sale	
Total current assets		761	761	761
NON-CURRENT ASSETS				
Receivables	
Other financial assets	
Property, plant and equipment	
Intangibles	
Other	
Total non-current assets	
TOTAL ADMINISTERED ASSETS		761	761	761
CURRENT LIABILITIES				
Payables	
Transfers to Government payable	
Interest-bearing liabilities	
Other	
Total current liabilities	
NON-CURRENT LIABILITIES				
Payables	
Interest-bearing liabilities	
Other	
Total non-current liabilities	
TOTAL ADMINISTERED LIABILITIES	
ADMINISTERED NET ASSETS/(LIABILITIES)		761	761	761
EQUITY				
Capital/Contributed equity	
Retained surplus/(Accumulated deficit)		761	761	761
Reserves:				
- Asset revaluation reserve	
- Other (specify)	
TOTAL ADMINISTERED EQUITY		761	761	761

Administered Cash Flow Statement

Public Trust Office	Notes	2008-09 Budget \$'000	2008-09 Est. Act. \$'000	2009-10 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Administered item receipts	
Grants and other contributions	
Taxes, fees and fines	
Royalties, property income and other territorial revenues	
Other		2,013	2,013	2,002
Outflows:				
Transfers to Government	
Grants and subsidies	
Supplies and services		(101)	(101)	(100)
Borrowing costs		(1,912)	(1,912)	(1,902)
Other	
Net cash provided by/(used in) operating activities	
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	
Investments redeemed	
Loans and advances redeemed	
Outflows:				
Payments for property, plant and equipment and intangibles	
Payments for investments	
Loans and advances made	
Net cash provided by/(used in) investing activities	
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	
Equity injections	
Outflows:				
Borrowing redemptions	
Finance lease payments	
Equity withdrawals	
Net cash provided by/(used in) financing activities	
Net increase/(decrease) in cash held	
Administered cash at beginning of financial year	
Cash transfers from restructure	
Administered cash at end of financial year	

Explanation of Variances in the Financial Statements

Income Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

1. User charges are less than the 2008-09 budget due to decreased transactions, particularly in relation to auctions, conveyancing work and rent. Public Trustee Investment Fund Fees were also less than expected due to lower volumes.
2. Other revenue is principally comprised of interest revenue which has decreased significantly due to the lower Common Fund yields as a result of the effect of the global financial crisis.
3. The increased spend in supplies and services mainly relate to increased spending in legal expenditure.
4. The estimated actual depreciation and amortisation for 2008-09 is lower than originally forecast due to an underspend in capital expenditure.
5. Interest payable to clients has decreased in line with the lower returns on funds invested in the Common Fund as a result of the downturn in financial markets.
6. Other expenditure is below the 2008-09 budget due to underspends in Public Trustee Investment Fund management fees and lower than expected investment performance fees.
7. Estimated loss on the revaluation of investments as required by AASB139. There was no budget for 2008-09 as it is not possible to reliably forecast the expected market movements and their impact on the market valuation of the investments of the Common Fund.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

8. Other revenue is principally comprised of interest revenue which has decreased significantly due to the lower Common Fund yields as a result of the effect of the global financial crisis.
9. Increase primarily due to the Enterprise Bargaining Agreement and revision of related employee on-costs and additional positions.
10. The increase in spend of supplies and services in 2009-10 mainly relates to the anticipated increase of spending in legal expenditure.
11. The estimated depreciation and amortisation for 2009-10 is lower than 2008-09 due to a lower anticipated underspend in capital expenditure for 2009-10.
12. Interest payable to clients is expected to decrease in line with the lower market bank bill rates.
13. Other expenditure is below the 2009-10 budget due to underspends in Public Trustee Investment Fund management fees and lower than expected investment performance fees.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

14. Other revenue is principally comprised of interest revenue which is expected to increase slightly due to increases in client balances.
15. Increase primarily due to the Enterprise Bargaining Agreement and revision of related employee on-costs and additional positions.
16. Interest payable to clients is expected to decrease in line with the lower market bank bill rates.
17. Estimated loss on the revaluation of investments as required by AASB139. There was no estimate for 2009-10 as it is not possible to reliably forecast the expected market movements and their impact on the market valuation of the investments of the Common Fund.

Statement of Changes in Equity

18. The only variation in the Statement of Changes in Equity is from the Income Statement movements explained above. There are no other equity movements noted.

Balance Sheet

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

19. Increase in cash due mainly due to increases in client balances.
20. Decrease in balance due to review and reclassification of receivables.
21. Increase in other financial assets is mainly due to the increases in client balances and the increases in the market value of bank and government bonds.
22. Increase mainly due to review and reclassification of prepayments.
23. Property, plant and equipment fixed assets interim revaluation was lower than expected.
24. Increase in balance due to review and reclassification of payables.
25. Employee benefit obligations are lower as long term employees retired throughout the financial year.
26. Interest-bearing liabilities and derivatives have increased in line with the increase in client balances.
27. The movements within equity mainly relate to the reclassification of retained surpluses to specific purpose reserves to meet the needs of the Common Fund.
28. The revaluation of land and buildings was lower than anticipated, resulting in a decrease in the asset revaluation reserve.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

29. Increase in cash due mainly due to increases in client balances.
30. Decrease in balance due to review and reclassification of receivables.
31. Increase in other financial assets mainly due to increases in client balances and the market value of bank and government bonds.
32. Increase mainly due to review and reclassification of prepayments.
33. Property, plant and equipment fixed assets interim revaluation was lower than expected.
34. Increase in intangibles due to anticipated purchase of software.
35. Increase in balance due to review and reclassification of payables.
36. Employee benefit obligations are lower as long term employees retired throughout the financial year.
37. Interest-bearing liabilities and derivatives are expected to increase in line with the increase in client balances.
38. The movements within equity mainly relate to the reclassification of retained surpluses to specific purpose reserves to meet the needs of the Common Fund.
39. The revaluation of land and buildings was lower than anticipated, resulting in a decrease in the asset revaluation reserve.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

40. Increase in intangibles due to anticipated purchase of software.
41. The movements within equity mainly relate to the reclassification of retained surpluses to specific purpose reserves to meet the needs of the Common Fund.

Cash Flow Statement

Major variations between 2008-09 Budget and 2008-09 Estimated Actual include:

42. Other revenue is principally comprised of interest revenue which has decreased significantly due to the lower Common Fund yields as a result of the effect of the Global Financial Crisis.
43. The increased spend in supplies and services mainly relate to increased spending in legal expenditure.
44. Interest payable to clients has decreased in line with the lower returns on funds invested in the Common Fund as a result of the downturn in financial markets.
45. Other expenditure is below the 2008-09 budget due to underspends in Public Trustee Investment Fund management fees and lower than expected investment performance fees.
46. These variances are due to the normal operation of the investments function to meet the strategic asset allocation needs of the Common Fund investments.
47. Capital budget has been underspent as the Public Trust Office has not been able to identify suitable buildings to purchase.
48. Represents the inflow of client funds from external financial institutions as a result of the global financial crisis.

Major variations between 2008-09 Budget and 2009-10 Estimate include:

49. Other revenue is principally comprised of interest revenue which has decreased significantly due to the lower Common Fund yields as a result of the effect of the Global Financial Crisis.
50. The increased spend in supplies and services mainly relate to increased spending in legal expenditure.
51. Interest payable to clients has decreased in line with the lower returns on funds invested in the Common Fund as a result of the downturn in financial markets.
52. Other expenditure is below the 2008-09 budget due to underspends in Public Trustee Investment Fund management fees and lower than expected investment performance fees.
53. These variances are due to the normal operation of the investments function to meet the strategic asset allocation needs of the Common Fund investments.
54. Capital budget for 2009-10 is lower as the Public Trust Office is only looking to establish one additional office instead of two.
55. Represents the inflow of client funds from external financial institutions as a result of the global financial crisis.

Major variations between 2008-09 Estimated Actual and the 2009-10 Estimate include:

56. Increase primarily due to the Enterprise Bargaining Agreement and revision of related employee on-costs and additional positions.
57. Supplies and services is expected to decrease as spending in legal expenditure returns to normal.
58. Interest payable to clients is expected to decrease in line with the lower returns and lower volume of investments in the Common Fund.
59. These variances are due to the normal operation of the investments function to meet the strategic asset allocation needs of the Common Fund investments.
60. Capital budget for 2009-10 is higher as the Public Trust Office is looking to establish one additional office.
61. The inflow of client funds from external financial institutions is expected to decrease as financial markets stabilise and clients move lower volumes of funds.