

PART 19

Public Trust Office

Summary of departmental budgets

Page	Agency	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
3-252	The Public Trustee – controlled	76,481	73,300	78,516
	The Public Trustee – administered	786	786	825

Note:

1. Explanations of variances are provided in the financial statements.

DEPARTMENTAL OVERVIEW

MINISTERIAL RESPONSIBILITY

The Deputy Premier and Attorney-General, Minister for Local Government and Special Minister of State has responsibility for the Public Trustee.

STRATEGIC ISSUES

The Public Trustee, established on 1 January 1916, supports Queenslanders by:

- 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 \$25.7 million in 2011-12, which includes \$17.9 million for managing the commercially uneconomical affairs of people with a disability and funding for the Office of the Adult Guardian of \$1 million. Other community service obligations include providing a free will making service; managing commercially uneconomical deceased estates; managing the estates of prisoners; financially supporting the Civil Laws Legal Aid scheme and providing free advice to the community.

The Public Trustee's *Strategic Plan 2009–2013* is designed to ensure the sustainable long-term financial viability of the Office of the Public Trustee (the Office). This will be achieved by:

- further marketing and developing the estate and trustee commercial operations to ensure the Office retains and enhances its position in the Queensland community and generates sufficient returns to keep funding its community service obligations
- continually improving on the Office's investment and financial objectives to ensure it acts in the best interests of its client as prescribed by the Prudent Person Rule in terms of Part 3 of the *Trusts Act 1973*.
- understanding and meeting client expectations and delivering responsive services
- improving the Office's service delivery and increasing the community's understanding of the role and scope of services delivered.

For over ten years, The Public Trustee 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 decided to withdraw from this activity in 2008. The Public Trustee 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 final date of withdrawal cannot be ascertained.

Queensland's ageing population and the increasing incidence of elder abuse, particularly involving financial misappropriation, has generated an increased need for financial administration of complex matters.

2011-12 HIGHLIGHTS

- The Public Trustee expects to achieve a steady growth of core business activities. It aims to educate the community about its services and the benefits of appointing The Public Trustee as Executor of Wills and Financial Attorney. There will also be a focus on increasing the number of Trusts and private Executor services. Marketing and communication in conjunction with regional offices across Queensland will also focus on an increased program of community engagement to raise awareness of Will making in the community.
- A warehouse at Brendale has been purchased to meet a range of business needs including providing future document and file storage. It will feature a safe and secure Will storage room. The Strathpine satellite office and Brisbane support services mailroom will also relocate to this facility. There are also plans for a Contact Centre to be located at the Brendale premises. This will assist The Public Trustee to further streamline its administrative processes and better serve client inquiries and document making appointment bookings.
- There is a budgeted surplus of \$0.03 million in 2011-12 due to a combination of revenue growth offset by increased costs as the Office implements its *Strategic Plan 2009-2013*.
- The Public Trustee will continue improving its work processes to enhance its Will making, deceased estates, private executor and disability services to better serve its clients.
- In 2011-12, additional Client Service Centres will be implemented to enhance service delivery to clients and improve efficiencies to work processes.
- The current information systems that support the investment operations will be improved. This will result in a more centralised, automated system that will process investment transactions more efficiently.

RECENT ACHIEVEMENTS

- To meet the growing population of the Sunshine Coast Region, particularly for people over 65, a new Regional Office was established at Kawana. This was in accordance with the South East Queensland Regional Plan 2009-2031 recommendations to locate future government services around priority transit centres, regional activity centres and areas of population growth.
- The Public Trustee acts as Trustee of the Queensland Aboriginal and Torres Strait Islander Foundation. The Foundation was established to advance the education and life opportunities of Aboriginal and Torres Strait Islander children and young people in Queensland through the provision and promotion of scholarships. The Foundation is currently completing its second grants program with the provision of scholarships of \$1.1 million to 39 schools representing 281 children.
- The Queensland Community Foundation now has \$32.1 million of charitable funds under management (including bequests) and over \$391.9 million of pledged bequests.
- The Public Trustee acts as Trustee of the Gladstone Foundation. The Foundation was established on the 11th February 2011, for certain public charitable purposes, for the benefit of the Gladstone Region.
- The Public Trustee is maintaining its status as the preferred financial administrator for adults with a decision-making disability. As at 31 March 2011, The Public Trustee was:
 - appointed as financial manager in approximately 83% of new appointments made by the Queensland Civil and Administrative Tribunal;
 - reappointed as financial administrator in 78% of review hearings; and
 - appointed as financial administrator in 11% of review hearings of private appointments.

The Public Trustee has increased its State-wide will making capabilities though increased Wills outreach service provided through Centrelink Offices and Courthouses and Queensland Government Agents.

DEPARTMENTAL SERVICES

The Government's Performance Management Framework is being progressively implemented across The Public Trustee. The Public Trustee evaluates its work against 'services' and 'service standards' that align with the *Strategic Plan 2009-13*.

The Public Trustee provides a trustee and administration service including: administration of deceased estates, financial administration of disability support and other trust matters, free Will making, and making Enduring Powers of Attorney for clients.

STAFFING¹

Service areas	Notes	2010-11 Budget	2010-11 Est. actual	2011-12 Estimate
	2	550	498	530

Notes:

1. Full-time equivalents (FTEs) as at 30 June.
2. The Public Trustee intends to increase staff according to business needs arising from implementation of the Strategic Plan 2009-2013. This is reflected in the 2010-11 Budget and the 2011-12 Estimate. However, some of these positions remain unfilled, hence the significant difference when compared to the 2010-11 Estimated actual. Any staffing reductions would be the result of natural attrition.

ADMINISTERED ITEMS

DESCRIPTION

Under section 25 of the *Public Trustee Act 1978*, The Public Trustee administers the Unclaimed Moneys Fund on behalf of the 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 Trustee 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

	Notes	2010-11 Target/est.	2010-11 Est. actual	2011-12 Target/est.
Service standards	1,2			
Other measures				
Number of deceased estate matters received for administration		2,553	2,450	2,464
Number of protective management matters under administration		7,528	7,612	7,841
Number of commercially uneconomical affairs of people with a disability managed at no cost to government		7,733	8,167	8,259
Total cost of managing the commercially uneconomical affairs of people with a disability (\$'000)		17,186	17,594	17,926
Number of Enduring Powers of Attorney prepared	3	3,704	3,883	5,350
Number of Wills prepared	3	25,098	23,706	30,375
Degree of compliance with Client Service Standards (as measured by Client Satisfaction Survey)	4	New measure	New measure	80%
Administration of Deceased Estates finalised within 12 months	4	New measure	New measure	70%
Appointment rate as financial administrator under the Guardianship and Administration Act as a % of total financial appointments made	4	New measure	New measure	60%
Re-appointment rate as financial administrator under the Guardianship and Administration Act as a % of total financial appointments made	4	New measure	New measure	80%
State contribution (\$000)		..	..	..
Other revenue (\$000)		76,611	76,157	78,543
Total cost (\$000)		76,481	73,300	78,516

Notes:

1. A suitable measure of efficiency is currently being investigated.
2. A suitable measure of effectiveness is currently being investigated.
3. The 2011-12 targets are significantly higher because The Public Trustee expects growth in demand for its services.
4. These new measures were introduced in line with the Department of Premier and Cabinet Performance Management Framework.

INCOME STATEMENT

Public Trust Office	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Income				
Service revenue		..	..	..
User charges		47,452	45,892	47,678
Grants and other contributions		..	..	..
Other revenue	5,12	29,159	30,265	30,865
Gains on sale/revaluation of property, plant and equipment and investments		..	..	..
Total income		76,611	76,157	78,543
Expenses				
Employee expenses	6,13	41,779	41,555	44,428
Supplies and services	1,7,14	12,883	11,475	12,211
Grants and subsidies		1,066	1,066	1,103
Depreciation and amortisation	2,8,15	2,047	1,886	2,212
Finance/borrowing costs	9,16	12,295	12,229	13,359
Other expenses	3,10,17	6,411	5,089	5,203
Losses on sale/revaluation of property, plant and equipment and investments		..	..	..
Total expenses		76,481	73,300	78,516
OPERATING SURPLUS/(DEFICIT)	4,11,18	130	2,857	27

STATEMENT OF CHANGES IN EQUITY

Public Trust Office	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Net effect of the changes in accounting policies and prior year adjustments	
Increase/(decrease) in asset revaluation reserve	
Net amount of all revenue and expense adjustments direct to equity not disclosed above	
Net income recognised directly in equity	
Surplus/(deficit) for the period		130	2,857	27
Total recognised income and expense for the period		130	2,857	27
Equity injection/(withdrawal)	
Equity adjustments (MoG transfers)	
Total movement in equity for period		130	2,857	27

BALANCE SHEET

Public Trust Office	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
CURRENT ASSETS				
Cash assets	19,24,29	99,356	10,200	61,495
Receivables	20,25	9,735	(1,236)	(1,236)
Other financial assets	21,26,30	397,228	455,039	431,165
Inventories		..	..	..
Other		889	879	879
Non-financial assets held for sale		..	..	..
Total current assets		507,208	464,882	492,303
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets	21,26,30	10,395	51,526	51,526
Property, plant and equipment	22,27	55,836	46,917	47,274
Intangibles	22,27,31	1,310	470	651
Other		..	..	..
Total non-current assets		67,541	98,913	99,451
TOTAL ASSETS		574,749	563,795	591,754
CURRENT LIABILITIES				
Payables		5,746	5,592	5,592
Accrued employee benefits		3,204	3,489	3,489
Interest-bearing liabilities and derivatives	32	399,985	390,876	418,808
Provisions		1,051	1,031	1,031
Other		..	..	..
Total current liabilities		409,986	400,988	428,920
NON-CURRENT LIABILITIES				
Payables		..	..	..
Accrued employee benefits		6,833	7,090	7,090
Interest-bearing liabilities and derivatives		..	..	..
Provisions		..	..	..
Other		..	..	..
Total non-current liabilities		6,833	7,090	7,090
TOTAL LIABILITIES		416,819	408,078	436,010
NET ASSETS/(LIABILITIES)		157,930	155,717	155,744
EQUITY				
Capital/contributed equity		..	..	..
Accumulated surplus/(accumulated deficit)	23,28	13,636	17,328	17,355
Reserves:				
- Asset revaluation surplus	23,28	37,879	31,974	31,974
- Other (specify)		106,415	106,415	106,415
TOTAL EQUITY		157,930	155,717	155,744

CASH FLOW STATEMENT

Public Trust Office	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
CASH FLOWS FROM OPERATING ACTIVITIES				
Inflows:				
Service receipts		..	..	..
User charges	33,47	47,452	59,432	47,678
Grants and other contributions		..	..	..
Other	40,48	29,159	28,946	30,865
Outflows:				
Employee costs	49	(41,779)	(41,308)	(44,428)
Supplies and services	34,41,50	(12,883)	(9,564)	(12,211)
Grants and subsidies		(1,066)	(1,066)	(1,103)
Borrowing costs	35,42,51	(12,295)	(11,285)	(13,359)
Other	36,43	(6,411)	(5,406)	(5,203)
Net cash provided by/(used in) operating activities		2,177	19,749	2,239
CASH FLOWS FROM INVESTING ACTIVITIES				
Inflows:				
Sales of property, plant and equipment	52	..	(24)	6,000
Investments redeemed		..	79,627	..
Loans and advances redeemed		..	..	..
Outflows:				
Payments for property, plant and equipment and intangibles	37,44,53	(7,870)	(1,459)	(8,750)
Payments for investments	38,45,54	(2,922)	(190,084)	23,874
Loans and advances made		..	..	..
Net cash provided by/(used in) investing activities		(10,792)	(111,940)	21,124
CASH FLOWS FROM FINANCING ACTIVITIES				
Inflows:				
Borrowings	39,46,55	30,887	35,848	27,932
Equity injections		..	..	..
Outflows:				
Borrowing redemptions		..	..	..
Finance lease payments		..	..	..
Equity withdrawals		..	..	..
Net cash provided by/(used in) financing activities		30,887	35,848	27,932
Net increase/(decrease) in cash held		22,272	(56,343)	51,295
Cash at the beginning of financial year		77,084	66,543	10,200
Cash transfers from restructure		..	..	..
Cash at the end of financial year		99,356	10,200	61,495

ADMINISTERED INCOME STATEMENT

Public Trust Office	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
Revenues				
Commonwealth grants		..	..	..
Taxes, fees and fines		..	..	..
Royalties, property income and other territorial Revenue		..	..	..
Interest	56,58	786	786	825
Administered revenue		..	..	..
Other		..	..	..
Total revenues		786	786	825
Expenses				
Supplies and services	57,59	43	43	45
Depreciation and amortisation		..	..	..
Grants and subsidies		..	..	..
Benefit payments		..	..	..
Borrowing costs	57,59	743	743	780
Other		..	..	..
Total expenses		786	786	825
Net surplus or deficit before transfers to Government		..	..	..
Transfers of administered revenue to Government		..	..	..
OPERATING SURPLUS/(DEFICIT)		..	..	..

ADMINISTERED BALANCE SHEET

Public Trust Office	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 Estimate \$'000
CURRENT ASSETS				
Cash assets	60,61	..	(4)	(4)
Receivables		..	..	..
Inventories		..	..	..
Other	60,61	761	(2,681)	(2,681)
Non-financial assets held for sale		..	..	..
Total current assets		761	(2,685)	(2,685)
NON-CURRENT ASSETS				
Receivables		..	..	..
Other financial assets		..	..	..
Property, plant and equipment		..	..	..
Intangibles		..	..	..
Other		..	..	..
Total non-current assets		..	..	..
TOTAL ADMINISTERED ASSETS		761	(2,685)	(2,685)
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	(2,685)	(2,685)
EQUITY				
Capital/Contributed equity		..	..	..
Retained surplus/(Accumulated deficit)	60,61	761	(2,685)	(2,685)
Reserves:				
- Asset revaluation surplus		..	..	..
- Other (specify)		..	..	..
TOTAL ADMINISTERED EQUITY		761	(2,685)	(2,685)

ADMINISTERED CASH FLOW STATEMENT

Public Trust Office	Notes	2010-11 Budget \$'000	2010-11 Est. act. \$'000	2011-12 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	62,64	786	786	825
Outflows:				
Transfers to Government		..	..	..
Grants and subsidies		..	..	..
Supplies and services	63,65	(43)	(43)	(45)
Borrowing costs	63,65	(743)	(743)	(780)
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 2010-11 Budget and 2010-11 Estimated actual include:

1. Supplies and Services are below budget as operational costs are being actively managed.
2. The 2010-11 estimated actual depreciation and amortisation expense is lower than the 2010-11 Budget as the capital expenditure has been concentrated more on items with a lower depreciation rate such as land and building refurbishments.
3. Other expenses, which include items such as investment expenditure, travelling expenses and motor vehicle expenses are being actively managed resulting in significant savings.
4. The significant variance between the 2010-11 Budget surplus and the 2010-11 Estimated actual is mainly due to savings in expenditure.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

5. Other revenue is principally comprised of interest revenue which is anticipated to be higher than the 2010-11 budget due to higher than expected Common Fund yields.
6. Employee expenses are expected to increase significantly in line with continuing initiatives that were outlined in the Strategic Plan for 2009-2013.
7. Supplies and Services for 2011-12 are expected to be below the 2010-11 budget as operational costs will continue to be actively managed.
8. The 2011-12 estimate for depreciation and amortisation is greater than the 2010-11 Budget due to an expected increase in capital expenditure.
9. Increased interest payable to clients on funds invested in the Common Fund resulting from an increase in the value of the Common Fund.
10. Other expenses for 2011-12 are expected to be below the 2010-11 budget as other costs will continue to be actively managed.
11. The 2011-12 Estimated surplus is anticipated to be lower than the 2010-11 Budget because of the expected increase in employee costs as the office implements the Strategic Plan for 2009- 2013.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

12. Other revenue is principally comprised of interest revenue which is anticipated to increase in 2011-12 due to expected higher Common Fund yields.
13. Employee expenses are expected to increase significantly in line with continuing initiatives that were outlined in the Strategic Plan for 2009-2013.
14. The increase in supplies and services mainly relates to IT expenses, premises and utility expenses and travel expenses.
15. The 2011-12 Estimate for depreciation and amortisation is greater than the 2010-11 Estimated actual due to an expected increase in capital expenditure.
16. Increased interest payable to clients on funds invested in the Common Fund resulting from an increase in the value of the Common Fund.
17. Other expenses for 2011-12 are expected to be below the 2010-11 estimate as other costs will continue to be actively managed.
18. The 2011-12 Estimated surplus is anticipated to be lower than the 2010-11 Estimated actual as the estimated gain on the revaluation of investments as required by AASB139 has not been budgeted in 2011-12.

Balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

19. Decrease in cash as bonds are purchased to take advantage of higher yields for clients.
20. Reflects movement in operational receivables.
21. Increase as bonds are purchased to take advantage of higher yields for clients.
22. Delays in anticipated capital spend.
23. The movements within equity mainly relate to the reclassification of retained surpluses to specific purpose reserves to meet the needs of the Common Fund.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

24. Decrease in cash as bonds are purchased to take advantage of higher yields for clients.
25. Reflects movement in operational receivables.
26. Increase as bonds are purchased to take advantage of higher yields for clients.
27. Delays in anticipated capital spend.
28. The movements within equity mainly relate to the reclassification of retained surpluses to specific purpose reserves to meet the needs of the Common Fund.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

29. Increase in cash mainly due to the maturing of bonds and funds being received from clients.
30. Decrease in financial assets as bonds mature and are returned as cash.
31. Increases due to anticipated capital spend for software.
32. Reflects additional funds being received from clients.

Cash flow statement

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

33. Additional cash received from operational receivables.
34. Supplies and Services are below budget as operational costs are being actively managed.
35. Interest payable to clients is lower in line with lower than expected yields from investments.
36. Other expenses are below budget as costs are being actively managed.
37. Delays in anticipated capital spend.
38. These variances are due to the normal operation of the investments function to meet the strategic asset allocation needs of the Common Fund investments.
39. Represents the inflow/outflow of client funds from/to external financial institutions for investment purposes.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

40. Other revenue is principally comprised of interest revenue which is anticipated to increase due to the higher Common Fund yields.
41. Supplies and Services are below budget as operational costs are being actively managed.
42. Increased interest payable to clients on funds invested in the Common Fund resulting from an increase in the value of the Common Fund
43. Other expenses are below budget as costs are being actively managed.
44. Anticipated increases for 2011-12 as offices are refurbished.
45. These variances are due to the normal operation of the investments function to meet the strategic asset allocation needs of the Common Fund investments
46. Represents the inflow/outflow of client funds from/to external financial institutions for investment purposes.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

47. User charges for 2011-12 are expected to be lower than the 2010-11 Estimated actual and this is mainly due to minimal growth in client numbers.
48. Other revenue is principally comprised of interest revenue which is anticipated to increase due to the higher Common Fund yields.
49. Employee expenses are expected to increase in line with continued initiatives as outlined in the Strategic Plan for 2009-2013.
50. The increase in supplies and services mainly relates to IT expenses, premises and utility expenses and travel expenses.
51. Increased interest payable to clients on funds invested in the Common Fund resulting from an increase in the value of the Common Fund.
52. Expected cash inflow from the sale of buildings.
53. Variance between 2010-11 Estimated actual and 2011-12 Estimate is due to delay of planned capital spending in 2010-11.
54. These variances are due to the normal operation of the investments function to meet the strategic asset allocation needs of the Common Fund investments
55. Represents the inflow/outflow of client funds from/to external financial institutions for investment purposes.

Administered income statement

Major variations between 2010-11 Budget and 2011-12 Estimate include:

56. Interest income is expected to increase due to higher Common Fund yields.
57. Expenses are directly related to total revenue. Therefore higher or lower total revenue equates to higher or lower fees.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

58. Interest income is expected to increase due to higher Common Fund yields.
59. Expenses are directly related to total revenue. Therefore higher or lower total revenue equates to higher or lower fees.

Administered balance sheet

Major variations between 2010-11 Budget and 2010-11 Estimated actual include:

60. Amount for 2010-11 Estimated Actual represents the actual loss on the sale of financial assets in the 2009-10 financial year and was not anticipated when the 2010-11 Budget was set.

Major variations between 2010-11 Budget and 2011-12 Estimate include:

61. Amount for 2011-12 Estimated Actual represents the actual loss on the sale of financial assets in the 2009-10 financial year and was not anticipated when the 2010-11 Budget was set.

Administered cash flow statement

Major variations between 2010-11 Budget and 2011-12 Estimate include:

62. Interest income is expected to increase due to higher Common Fund yields.
63. Expenses are directly related to total revenue. Therefore higher or lower total revenue equates to higher or lower fees.

Major variations between 2010-11 Estimated actual and the 2011-12 Estimate include:

64. Interest income is expected to increase due to higher Common Fund yields.
65. Expenses are directly related to total revenue. Therefore higher or lower total revenue equates to higher or lower fees.