



Public Trustee

Common Funds

2016-17 Annual Report

Public Trustee

211 Victoria Square Adelaide SA 5000
GPO Box 1338 Adelaide SA 5001

publictrustee@sa.gov.au

Contact phone number 08 8226 0200
Contact email ptenquiries@sa.gov.au

ISSN 1441-2799 (Print)
1836-263X (Online)

To:

The Honourable John Rau MP

Deputy Premier

Attorney-General

Minister for Justice Reform

Minister for Planning

Minister for Industrial Relations

Minister for Child Protection Reform

Minister for the Public Sector

Minister for Consumer and Business Services

Minister for the City of Adelaide

Member of the Executive Council

This annual report is presented to Parliament to meet the statutory reporting requirements of *the Public Trustee Act 1995* and the *Public Sector Act 2009* and meets the requirements of Premier and Cabinet Circular *PC013 Annual Reporting*.

This report is verified to be accurate for the purposes of annual reporting to the Parliament of South Australia.

Submitted on behalf of the Public Trustee by:

Debra Contala
Public Trustee

28 September 2017

Contents

Contents.....	3
Section A: Reporting required under the <i>Public Sector Act 2009</i>, the <i>Public Sector Regulations 2010</i> and the <i>Public Finance and Audit Act 1987</i>.....	4
Agency purpose or role	4
Objectives	4
Key strategies and their relationship to SA Government objectives	4
Agency programs and initiatives and their effectiveness and efficiency	5
Legislation administered by the agency	7
Organisation of the agency	7
Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions.....	8
Section B: Reporting required under any other act or regulation	9
Appendix: Audited financial statements 2016-17	17

Section A: Reporting required under the *Public Sector Act 2009*, the *Public Sector Regulations 2010* and the *Public Finance and Audit Act 1987*

Agency purpose or role

The office of the Public Trustee (PT) was established in 1881 and is constituted under the provisions of the *Public Trustee Act 1995*. The Public Trustee is a statutory officer pursuant to the *Public Trustee Act 1995*. Public Trustee is a body corporate with the powers of a natural person.

The role of PT is to provide all South Australians with access to Will making services, powers of attorney preparation and deceased estate and trust administration. PT also has a role in managing the financial affairs of those people in the community who lack the capacity to manage their own affairs as determined by the courts, the South Australian Civil and Administrative Tribunal (SACAT) or through activation of powers of attorney.

Objectives

Public Trustee's strategic objectives under our 2014–17 Strategic Plan are:

- Achieve customer service excellence by delivering services in a professional, consistent, coordinated and timely manner;
- Delivery of our objectives through good governance, strong leadership, and sound risk management;
- Improve and enhance all areas of our business processes;
- Invest in our people and create a rewarding environment in which to work;
- Ensure the organisation remains profitable and meets agreed fiscal targets; and
- Raise awareness of the importance of having a valid Will.

Key strategies and their relationship to SA Government objectives

Key strategy	SA Government objective
Customer Service <ul style="list-style-type: none"> • Improve communications to customers and stakeholders. • Ensure customer service standards are met or exceeded. 	Target 32 Customer and client satisfaction with government services.
Governance and Leadership <ul style="list-style-type: none"> • Develop the leadership capabilities of the management of PT. • Ensure there is a sound risk, control and compliance framework in PT. 	Target 32 Customer and client satisfaction with government services.

Key strategy	SA Government objective
Business Improvement <ul style="list-style-type: none"> • Develop strategies to move to digital transactions. • Continuously improve business processes to maximise efficiency. 	Target 32 Customer and client satisfaction with government services. Target 34 Credit rating.
People and Culture <ul style="list-style-type: none"> • Ensure staff are well trained and equipped to undertake their roles. • Continuously improve security arrangements to ensure a safe work environment. 	Target 32 Customer and client satisfaction with government services.
Financial Sustainability <ul style="list-style-type: none"> • Meet PT fiscal targets set by Government. • Achieve investment returns at or exceeding benchmarks. 	Target 34 Credit rating.
Raise Community Awareness <ul style="list-style-type: none"> • Undertake a range of community awareness activities to provide information to the community about the importance of having a valid Will. 	Target 32 Customer and client satisfaction with government services.

Agency programs and initiatives and their effectiveness and efficiency

Program name	Indicators of performance/effectiveness/efficiency	Comments
Writing Wills & Powers of Attorney: <ul style="list-style-type: none"> • Free Will and power of attorney drafting services are provided for all South Australians who nominate PT as their executor, attorney or substitute attorney. 	<ul style="list-style-type: none"> • PT prepared 684 new Wills and revised 1055 existing Wills. • A total of 456 power of attorney documents were prepared. • A total of 202 visits were made to people in their homes or other facilities to prepare Wills. • The Customer Satisfaction Survey showed satisfaction with PT services rated at 4.78 out of 5. • The survey showed that 95% of Wills customers would recommend PT to others. 	<ul style="list-style-type: none"> • The total number of new Wills prepared increased by 19.3% since 2015-16. • Customer Satisfaction Survey results were very positive with the majority indicating that they were satisfied with the level of service. This result has remained steady since 2015.

Program name	Indicators of performance/effectiveness/efficiency	Comments
Deceased Estates & Trusts Administration: <ul style="list-style-type: none"> • PT acts as executor of an estate where named executor in the Will, or as administrator when a person dies intestate (without a Will). • PT manages court-awarded trusts, trusts established by a Will and trusts under deed for minors, as well as perpetual charitable and scholarship trusts. 	<ul style="list-style-type: none"> • Commenced administration of 532 new deceased estates and 118 new trusts • Finalised 661 deceased estates and 96 trusts. • Customer Satisfaction Survey rated satisfaction with PT services at 3.9 out of 5. • The survey showed that 65% of respondents would recommend PT to others. 	<ul style="list-style-type: none"> • While positive, this year's customer satisfaction level represented a slight decline in mean satisfaction compared to previous year's surveys.
Personal Financial Administration: <ul style="list-style-type: none"> • PT can be appointed to be legally responsible for making all, or some, of a person's financial and legal decisions where that person has lost capacity to do so. 	<ul style="list-style-type: none"> • PT appointed administrator or manager of the financial and legal affairs of 503 new customers. • As at 30 June 2017 there were 4324 financial administrations on hand. • Customer Satisfaction Survey results, collected from both customers and their representatives, gave a satisfaction rating of 4.03 out of 5. • The proportion of survey respondents who would recommend Public Trustee to others was 83% 	<ul style="list-style-type: none"> • The number of new personal financial administrations has increased by 143 since 2015-16. • Overall Customer Satisfaction Survey results were positive and indicate sound and continuing levels of customer satisfaction.
Litigation Guardian: <ul style="list-style-type: none"> • PT may be appointed by a Court to act as 'Next friend' for customers unable to conduct their own legal proceedings. 	<ul style="list-style-type: none"> • PT appointed litigation guardian for 27 new customers. • As at 30 June 2017 there were 62 matters on hand. 	<ul style="list-style-type: none"> • New matters increased slightly from 2015-16.
Monitoring Private Financial Administrators and Managers: <ul style="list-style-type: none"> • PT is required annually to examine and report on activities of private financial administrators and managers appointed by SACAT and the courts. 	<ul style="list-style-type: none"> • PT's Regulatory Services team reviewed the financial statements of a total of 1773 Private Administrators, Managers and Executors. • A total of 90 matters were referred to SACAT for non-compliance with reporting requirements. • PT held 14 information sessions for newly appointed administrators, to provide them with information about their responsibilities. 	<ul style="list-style-type: none"> • Information sessions rated as being of 'Excellent' or 'Very Good' value for those in with the role of Private Administrator. The number of sessions held over the year was increased in response to demand.

Legislation administered by the agency

Public Trustee Act 1995

Under the provisions of Section 5(2) of the Public Trustee Act 1995, PT may act as: a trustee, executor of a Will, administrator of an estate (whether or not of a deceased person), manager, receiver, committee, curator, guardian, next friend, agent, attorney, or stakeholder.

Other Acts that form the basis of how, and which, PT services are delivered to customers are as follows:

- *Administration and Probate Act 1919;*
- *Aged and Infirm Persons' Property Act 1940;*
- *Family Relationships Act 1975;*
- *Guardianship and Administration Act 1993;*
- *Inheritance (Family Provision) Act 1972;*
- *Legal Practitioners Act 1981;*
- *Powers of Attorney and Agency Act 1984;*
- *South Australian Civil and Administrative Act 2013;*
- *Trustee Act 1936; and*
- *Wills Act 1936.*

Organisation of the agency

The Public Trustee

Investment Services

Business & Client Financial Services

Client Financial Services

Taxation Services

Information and Communications Technology

Corporate Services

Regulation of Private Financial Administrators

Governance and Compliance

Customer Services

Estate Services

Wills & Related Services

Customer Relationships Team

Deceased Estates

Trusts

Personal Estates

Legal

The major governance committees for the organisation are;

- Investment Advisory Committee;
- Audit and Risk Management Committee; and
- Information and Communications Technology (ICT) Committee

Customer Investments

For the year ended 30 June 2017, PT's investment strategies performed well.

Growth oriented strategies, with more exposure to shares, delivered the best returns whilst returns from defensive asset classes were lower.

Global shares and Australian shares were the largest drivers of returns for the 2016-17 financial year. Global interest rates moved higher, with the US Federal Reserve increasing rates in March and June 2017. The Reserve Bank of Australia reduced interest rates to an all time low of 1.50%. The Australian dollar appreciated against the US dollar finishing at \$0.77US for the financial year.

All of PT's investment strategies outperformed their respective benchmarks with returns ranging from 1.85% for cash to 15.93% for the Equities strategy (net of fees). The investment returns for five years demonstrate that the long-term performance has been strong, stable and has continued to exceed benchmarks.

Other information requested by the Minister(s) or other significant issues affecting the agency or reporting pertaining to independent functions

Under the *Public Corporations Act 1993*, a Charter must be prepared for a public corporation by its Minister and the Treasurer.

The Charter, agreed by the Attorney-General, the Treasurer and the Public Trustee, describes the reporting and accountability requirements and sets out the responsibilities and the expectations of both PT and the Government. The Charter is reviewed annually.

The Charter also requires an agreed annual performance statement that outlines PT's objectives for invested customer funds, and financial and other performance targets.

Section B: Reporting required under any other act or regulation

Public Trustee Act 1995

Section 30

- (3) The Public Trustee must include in the Public Trustee's annual report to the Minister for each financial year—
- (a) the audited statement of accounts in respect of each common fund for that financial year; and
 - (b) the Auditor-General's report on those accounts; and
 - (c) the following investor information in respect of each common fund:
 - (i) the nature and amount or rate of any fee that the Public Trustee charges in respect of investment in the fund; and
 - (ii) the class of investments in which the fund may be invested; and
 - (iii) the extent (if any) to which a capital sum invested may be reduced to defray losses from investment of the fund; and
 - (iv) the rights of an investor in the fund to withdraw all or part of the person's investment in the fund and the period of notice (if any) that the investor is required to give the Public Trustee in respect of such withdrawal; and
 - (v) the terms governing distribution of income and profit or loss of a capital nature attributable to each investment in the fund.

Audited Statement of Accounts in respect of each Common Fund:

Refer to the Annual Financial Statements section of this report.

The Auditor-General's Report upon the Statements of Account:

Refer to the Annual Financial Statements section of this report.

The nature and amount of any fee that PT charges in respect of investment in the common funds:

Management Fee

A management fee is charged against money invested in each common fund at the rate of one-twelfth of 1.025% (inc. of GST) of the value of the fund as at the first business day of each month. Management fees attract GST at a reduced rate as there is an entitlement to claim a reduced input tax credit.

Goods and Services Tax

An investment in PT's common funds is classified as an input-taxed financial supply and no GST is charged on such supplies. Simply put, investments made in common funds and investor withdrawals from those funds are not subject to GST; nor are entry fees subject to GST.

If a supply is input-taxed, the supplier will not usually receive a tax credit for any GST incurred in connection with the supplier's expenses.

However, for financial supplies, the supplier is able to claim a tax credit for three quarters of the liability incurred in respect of certain expenses (this is called a reduced input tax credit).

The majority of expenses incurred by PT's common funds, including PT management fees, are eligible for the reduced input tax credit. The net impact of the GST on expenses incurred by the common funds is therefore approximately 2.5% rather than the full 10% rate.

Indirect Cost Ratios (formerly Management Expense Ratio)

The total funds management costs for common funds and standard investment strategies, as represented by Indirect Cost Ratios (ICR), are shown in the following table.

Strategy	ICR 2016-17	ICR 2015-16
Cash	1.08%	1.08%
Capital Stable	1.27%	1.27%
Balanced	1.42%	1.42%
Growth	1.50%	1.52%
Equities	1.58%	1.67%

Common Fund	ICR 2016-17	ICR 2015-16
Cash	1.08%	1.08%
Long term fixed interest	1.10%	1.08%
Short term fixed interest	1.09%	1.09%
Overseas fixed interest	1.33%	1.35%
Australian shares	1.56%	1.62%
Property	1.79%	1.75%
Overseas shares	1.60%	1.73%

Entry Fees

Investors pay the following fees when investing in common funds (NB: no fees are charged on entry or exit from the cash common fund):

All other standard investment strategies;

- For beneficiaries of estates administered by PT, where there is a change of ownership of the assets and when funds would otherwise be distributed:

Amounts up to \$500 000	0.5%
Additional amounts from \$500 000 to \$2 million	0.375%
Additional amounts from \$2 million to \$5 million	0.25%
Additional amounts above \$5 million	0.0%

- For beneficiaries of estates administered by PT where there is no change of ownership of the assets and when funds would otherwise be distributed:

No entry fee will apply except to additional funds invested, in which case the above reduced scale for the beneficiary investors will apply.

- For all other investors:

Amounts up to \$500 000	1.0%
Additional amounts from \$500 000 to \$2 million	0.75%
Additional amounts from \$2 million to \$5 million	0.5%
Additional amounts above \$5 million	0.0%

The above fees will also apply to distributed income and realised capital gains when they are reinvested in a strategy other than cash.

No exit fees are charged.

No switching fees will be charged except when moving monies from the cash investment strategy to another strategy. The entry fees as disclosed above will then apply.

Deposits

PT does not accept cash deposits. Investments in investment strategies may be made either by cheque, direct credit or by transfer of funds from an existing estate being administered by PT.

Identification

When establishing an investment account with PT, customers will be required to provide satisfactory proof of identity. A PT contact officer will explain identification requirements.

The extent to which a capital sum invested may be reduced to defray losses from investment of a common fund:

Realised or unrealised losses of a capital nature of an investment of a common fund shall be received or borne by investors, in proportion to the capital sums invested in the fund.

Rights of an investor in a common fund to withdraw all or part of a person's investment in the fund:

Investors may withdraw all or part of their investment in a fund at any time.

Part withdrawals must be in amounts of \$1 000 or greater, or the balance of the funds being managed, if the amount to be withdrawn reduces the remaining balance to less than \$5 000 for beneficiary investors or \$20 000 for other investors. All withdrawal requests must be made in writing.

Cash Common Fund

Proceeds of withdrawals from the cash common fund of amounts less than \$1 million will be available on the next business day (subject to the request being received by 12 noon).

Proceeds of withdrawals of amounts greater than \$1 million may not be available until the thirtieth business day.

Other Investment Strategies

Proceeds of withdrawals from investment strategies, other than the cash investment strategy fund, will not be available until 15 business days after the next exit day (currently the first day of each month). Proceeds of withdrawals of amounts greater than \$1 million from these investment strategies may not be available until the thirtieth business day after the next exit day.

Terms governing distribution of income and profit or loss of a capital nature attributable to each investment in a common fund:

The net income and realised capital gains of each fund are calculated to 30 June and 31 December and will be distributed to the investor in July and January of each year, unless the investor has given instructions to reinvest the money.

Classes of investment in which common funds may invest:

Section 29 of the *Public Trustee Act 1995* (the Act) requires PT to determine the classes of investments in which a common fund may be invested, and provides for these classes to be varied from time to time. The Act does not define classes of investment.

Determination of the classes of investment in which PT common funds may invest:

Cash Common Fund

The permitted classes of investment are:

- a. Cash
- b. Australian Fixed Interest

Qualifications on these investment classes:

- i. All investments shall be denominated in Australian dollars.
- ii. Fixed rate securities shall not exceed three years to maturity.
- iii. Floating rate securities shall not exceed 10 years to maturity.

The following class of investment is explicitly excluded:

- Derivatives.

The fund may invest in collective investment schemes operated by organisations approved by the relevant government agencies, provided that the rules of the collective investment schemes restrict the schemes' investments to the permitted classes of investment of the common fund.

Short-term Fixed Interest Common Fund

The permitted classes of investment are:

- a. Cash
- b. Australian Fixed Interest

Qualifications on these investment classes:

- i. All investments shall be denominated in Australian dollars. The fund's liquidity requirements will be managed by an investment in the Cash Common Fund.
- ii. Fixed rate securities shall not exceed five years to maturity.
- iii. Floating rate securities shall not exceed 10 years to maturity.

Security lending arrangements in relation to authorised investments are permitted.

The following class of investment is explicitly excluded:

- Derivatives.

The fund may invest in collective investment schemes operated by organisations approved by the relevant government agencies, provided that the rules of the collective investment schemes restrict the schemes' investments to the permitted classes of investment of the common fund.

Long-term Fixed Interest Common Fund

The permitted classes of investment are:

- a. Cash
- b. Australian Fixed Interest
- c. Inflation-linked Securities

Qualifications on these investment classes:

- i. All investments shall be denominated in Australian dollars.
- ii. The fund's liquidity requirements will be met by investment in the cash common fund.
- iii. Fixed rate securities and inflation-linked securities shall not exceed 15 years and 25 years to maturity, respectively.
- iv. Inflation-linked securities shall be restricted to consumer inflation or average weekly earnings-linked securities issued by the Commonwealth Government, State Governments or the Government of the Northern Territory, and securities issued by other parties where the payments to holders of the securities are guaranteed by these governments.
- v. Security lending arrangements in relation to authorised investments are permitted.

The following class of investment is explicitly excluded:

- Derivatives.

The fund may invest in collective investment schemes operated by organisations approved by the relevant government agencies, provided that the rules or the collective investment schemes restrict the schemes' investments to the permitted classes of investment of the common fund.

Australian Shares Common Fund

The classes of investment are:

- a. Cash
- b. Australian equities
- c. Derivatives

Qualifications on these investment classes:

- i. Fund liquidity requirements shall be met by investment in the cash common fund.
- ii. Investments in Australian Equities shall be limited to securities of companies and trusts listed on the Australian Stock Exchange, and to unlisted securities in companies and trusts where the intention is for these securities to be listed within six months of investment.
- iii. Small capitalisation companies, defined as those outside the Top 100 Sector of the Australian Stock Exchange's All Ordinaries Index, shall not exceed 20% of the fund's assets.
- iv. Underwriting is permitted only where PT has made a firm subscription to a new issue and the amount underwritten does not exceed the subscription amount.
- v. Underwriting as an investment instrument is prohibited.
- vi. Security lending arrangements in relation to authorised investments is permitted.
- vii. Investments in financial derivatives specifically relating to the investments of the fund are permitted for the purpose of:
 - investment of funds; or
 - hedging or otherwise managing the risk of the fund.

The fund may invest in collective investment schemes operated by organisations approved by the relevant government agencies, provided that the rules of the collective investment schemes restrict the schemes' investments to the permitted classes of investment of the common fund.

Property Common Fund

The classes of investment are:

- a. Cash
- b. Property
- c. Infrastructure

Qualifications on these investment classes:

- i. Fund liquidity requirements shall be met by investment in the cash common fund.
- ii. Investments in property comprise securities of companies and trusts that are either listed or unlisted.
- iii. Investments in listed and unlisted infrastructure trusts are permitted in the fund.
- iv. Underwriting is permitted only where PT has made a firm subscription to a new issue and the amount underwritten does not exceed the subscription amount.
- v. Security lending arrangements in relation to authorised investments are permitted.
- vi. Investments in financial derivatives specifically relating to the investments of the fund are permitted for the purpose of:
 - investment of funds; or
 - hedging or otherwise managing the risk of the fund.

The fund may invest in collective investment schemes operated by organisations approved by the relevant government agencies, provided that the rules of the collective investment schemes restrict the schemes' investments to the permitted classes of investment of the common fund.

Overseas Shares Common Fund

The classes of investment are:

- a. Cash
- b. International Equities
- c. Derivatives.

Qualifications on these investment classes:

- i. Fund liquidity requirements shall be met by investment in the cash common fund.
- ii. Cash, where held other than by investment in the cash common fund, shall be held as bank deposits, bank-guaranteed securities or short-term sovereign debt instruments.
- iii. Trading in inter-bank or over-the-counter markets shall occur only in those markets which have been approved by the relevant government agencies of the country in which the market is conducted.
- iv. Investments in collective investment schemes, the primary mandates of which are the holdings of smaller companies and emerging markets securities, shall not exceed 25% and 15% of the assets of this common fund, respectively.
- v. Underwriting is permitted only where PT (either directly or via an appointed custodian) has made a firm subscription to a new issue and the amount underwritten does not exceed the subscription amount.
- vi. Security lending arrangements in relation to authorised investments are permitted.

The fund may invest in collective investment schemes operated by organisations approved by the relevant government agencies, provided that the rules of the collective investment schemes restrict the schemes' investments to the permitted classes of investment of the common fund.

Overseas Fixed Interest Common Fund

The permitted classes of investment are:

- a. Cash
- b. International Fixed Interest and inflation linked securities
- c. Derivatives

Qualifications on these investment classes:

- i. The fund's liquidity requirements shall be met by investment in the cash common
- ii. Cash, where held other than by investment in the cash common fund, shall be held as bank deposits, bank-guaranteed securities or short-term sovereign debt instruments.
- iii. All fixed income securities must be rated by recognised rating agencies and at least 90% of the fund shall comprise investment-grade securities.
- iv. Investments in financial derivatives specifically relating to the investments of the fund are permitted for the purpose of:
 - investment of funds; or
 - hedging or otherwise managing the risk of the fund.

The fund may invest in collective investment schemes operated by organisations approved by the relevant government agencies, provided that the rules of the collective investment schemes restrict the schemes' investments to the permitted classes of investment of the common fund.

2016–17 Investment Strategies

Table 2: 2016–17 Standard Investment Strategies' five-year performance

2016–17 Performance	Last 12 Months Annualised %	3 Years Annualised %	5 Years Annualised %
Cash	1.85%	2.25%	2.76%
benchmark	0.80%	1.22%	1.52%
variance	1.05%	1.03%	1.24%
Capital Stable	4.48%	4.25%	5.68%
benchmark	3.26%	3.68%	4.98%
variance	1.22%	0.57%	0.70%
Balanced	7.05%	6.10%	8.53%
benchmark	5.81%	5.41%	7.79%
variance	1.24%	0.69%	0.74%
Growth	9.71%	7.30%	10.61%
benchmark	8.56%	6.30%	9.72%
variance	1.15%	1.00%	0.89%
Equities	15.93%	9.19%	13.88%
benchmark	14.45%	7.78%	12.92%
variance	1.48%	1.41%	0.96%

Table 3: 2016–17 SIS Performance versus CPI Objectives (as at 30 June 2017)

Investment Strategy	CPI Objective	Investment Horizon	Target Return % pa	Actual Return % pa	Over (+) /Under(-)	Outperformance % pa
Capital Stable	CPI + 2% p.a.	3 Years	3.5	4.3	+	0.8
Balanced	CPI + 3% p.a.	5 Years	5.0	8.6	+	3.6
Growth	CPI + 3.5% p.a.	7 Years	5.6	9.4	+	3.8
Equities	CPI + 4% p.a.	10 Years	6.4	5.2	-	-1.2

2016–17 Asset Allocation

Table 4: 2016–17 Capital Stable Standard Investment Strategy

Common Fund	Allocation (%) 2017			Allocation (%) 2016		
	Neutral	Period End	\$m	Neutral	Period End	\$m
Australian Shares	10.0%	10.0%	\$11.52	11.0%	11.1%	\$8.15
Overseas Shares	8.0%	8.4%	\$9.67	8.0%	6.3%	\$4.62
Listed Property Securities	10.0%	9.6%	\$11.09	7.5%	7.8%	\$5.70
Long-term Fixed Interest	15.0%	15.0%	\$17.22	15.0%	15.4%	\$11.28
Short-term Fixed Interest	26.5%	26.7%	\$30.74	28.2%	28.5%	\$20.94
Overseas Fixed Interest	12.5%	12.1%	\$13.95	11.3%	11.6%	\$8.55
Cash	18.0%	18.2%	\$20.96	19.0%	19.3%	\$14.19
TOTAL	100.00%	100.00%	\$115.15	100.00%	100.00%	\$73.43

Table 5: 2016–17 Balanced Standard Investment Strategy

Common Fund	Allocation (%) 2017			Allocation (%) 2016		
	Neutral	Period End	\$m	Neutral	Period End	\$m
Australian Shares	19.0%	19.1%	\$42.38	21.5%	22.0%	\$45.16
Overseas Shares	16.0%	16.9%	\$37.46	16.0%	12.8%	\$26.23
Listed Property Securities	20.0%	19.3%	\$42.96	15.0%	15.8%	\$32.34
Long-term Fixed Interest	22.0%	22.0%	\$48.83	23.5%	24.5%	\$50.14
Short-term Fixed Interest	7.0%	7.0%	\$15.70	8.5%	8.7%	\$17.90
Overseas Fixed Interest	12.0%	11.6%	\$25.90	11.0%	11.5%	\$23.61
Cash	4.0%	4.1%	\$9.01	4.5%	4.7%	\$9.53
TOTAL	100.00%	100.00%	\$222.24	100.00%	100.00%	\$204.91

Table 6: 2016–17 Growth Standard Investment Strategy

Common Fund	Allocation (%) 2017			Allocation (%) 2016		
	Neutral	Period End	\$m	Neutral	Period End	\$m
Australian Shares	29.0%	28.9%	\$60.38	32.0%	33.5%	\$66.62
Overseas Shares	24.0%	25.1%	\$52.45	24.5%	20.0%	\$39.79
Listed Property Securities	20.0%	19.2%	\$40.10	15.0%	16.1%	\$32.05
Long-term Fixed Interest	12.5%	12.4%	\$25.89	13.7%	14.6%	\$28.96
Short-term Fixed Interest	4.5%	4.5%	\$9.42	4.8%	5.0%	\$10.02
Overseas Fixed Interest	6.0%	5.8%	\$12.08	5.5%	5.9%	\$11.70
Cash	4.0%	4.1%	\$8.41	4.5%	4.8%	\$9.44
TOTAL	100.00%	100.00%	\$208.73	100.00%	99.90%	\$198.58

Table 7: 2016–17 Equities Standard Investment Strategy

Common Fund	Allocation (%) 2017			Allocation (%) 2016		
	Neutral	Period End	\$m	Neutral	Period End	\$m
Australian Shares	55.0%	53.8%	\$42.12	55.0%	61.0%	\$43.32
Overseas Shares	45.0%	46.2%	\$36.16	45.0%	39.0%	\$27.66
TOTAL	100.0%	100.0%	\$78.28	100.0%	100.0%	\$70.98

Data for the past five years is available at: <https://data.sa.gov.au/data/organization/attorney-general-s-dept>

Appendix: Audited financial statements 2016-17

Public Trustee's annual Common Fund financial statements for the year ended 30 June 2017 appear on the following pages.

INDEPENDENT AUDITOR'S REPORT



Government of South Australia

Auditor-General's Department

Level 9
State Administration Centre
200 Victoria Square
Adelaide SA 5000
DX 56208
Victoria Square
Tel +618 8226 9640
Fax +618 8226 9688
ABN 53 327 061 410
audgensa@audit.sa.gov.au
www.audit.sa.gov.au

To the Public Trustee

As required by section 31(1)(b) of the *Public Finance and Audit Act 1987* and section 26(2), 30(2) and 50(2) of the *Public Trustee Act 1995*, I have audited the financial report of the Public Trustee for the financial year ended 30 June 2017.

Opinion

In my opinion, the accompanying financial report gives a true and fair view of the financial position of the Public Trustee as at 30 June 2017, its financial performance and its cash flows for the year then ended in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and Australian Accounting Standards.

The financial report comprises:

- a Statement of Comprehensive Income for the year ended 30 June 2017 for Corporate Operations
- a Statement of Financial Position as at 30 June 2017 for Corporate Operations
- a Statement of Changes in Equity for the year ended 30 June 2017 for Corporate Operations
- a Statement of Cash Flows for the year ended 30 June 2017 for Corporate Operations
- a Statement of Trusts being Administered as at 30 June 2017
- a Statement of Comprehensive Income for the year ended 30 June 2017 for each of the Common Funds
- a Statement of Financial Position as at 30 June 2017 for each of the Common Funds
- a Statement of Cash Flows for the year ended 30 June 2017 for each of the Common Funds
- notes, for each of the financial statements, comprising a summary of significant accounting policies and other explanatory information
- a Certificate from the Public Trustee and the General Manager, Business and Client Financial Services.

Basis for opinion

I conducted the audit in accordance with the *Public Finance and Audit Act 1987* and 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. The *Public Finance and Audit Act 1987* establishes the independence of the Auditor-General. In conducting the audit, the relevant ethical requirements of APES 110 Code of Ethics for Professional Accountants have been met.

I believe that the audit evidence obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of the Public Trustee for the financial report

The Public Trustee is responsible for the preparation of the financial report that gives a true and fair view in accordance with the Treasurer's Instructions promulgated under the provisions of the *Public Finance and Audit Act 1987* and the Australian Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

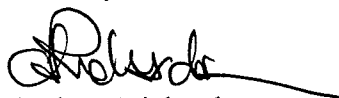
As part of an audit in accordance with Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- 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

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Public Trustee
- 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.

My report refers only to the financial report described above and does not provide assurance over the integrity of electronic publication by the entity on any website nor does it provide an opinion on other information which may have been hyperlinked to/from the report.

I communicate with the Public 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 the audit.

A handwritten signature in black ink, appearing to read 'Richardson', with a long horizontal stroke extending to the right.

Andrew Richardson

Auditor-General

20 September 2017

Public Trustee
COMMON FUNDS

**Cash Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2017**

	Note	2017 \$'000	2016 \$'000
Investment income			
Interest	2(e)	14 154	14 327
Net gain / (loss) on financial assets held at fair value through profit or loss	2(b), 3(d)	266	(1 032)
Other income		-	6
Total investment income		<u>14 420</u>	<u>13 301</u>
Expenses			
Public Trustee management fees	2(f)	5 077	4 604
Legal and advisory expenses		115	110
Other expenses		27	29
Total expenses		<u>5 219</u>	<u>4 743</u>
Net operating profit		<u>9 201</u>	<u>8 558</u>
Financing costs attributable to unitholders			
Undistributed income brought forward		1 004	1 027
Distributions to unitholders	2(h), 4	(9 115)	(9 613)
Transfers (to) / from net assets to determine distributable income	2(i)	(266)	1 032
Total financing costs attributable to unitholders		<u>(8 377)</u>	<u>(7 554)</u>
(Increase) in net assets attributable to unitholders		<u>(824)</u>	<u>(1 004)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

**Cash Common Fund
Statement of Financial Position
as at 30 June 2017**

	Note	2017 \$'000	2016 \$'000
Assets:			
Cash and cash equivalents	5	22 090	16 002
Advances to estates		8 277	3 148
Financial assets held at fair value through profit or loss	6	450 037	411 020
Other assets		3 761	2 536
Total assets		<u>484 165</u>	<u>432 706</u>
Liabilities:			
Income distribution payable		824	1 004
Bank overdraft	5	-	198
Funds deposited by other Common Funds		82 399	50 992
Other liabilities		25	54
Total liabilities (excluding net assets attributable to unitholders)		<u>83 248</u>	<u>52 248</u>
Net assets attributable to unitholders - liability	3(c)	<u>400 917</u>	<u>380 458</u>
Represented by:			
Fair value of outstanding units based on net asset value		<u>400 917</u>	<u>380 458</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

**Cash Common Fund
Statement of Cash Flows
for the year ended 30 June 2017**

	Note	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Interest received		13 144	15 338
Cash generated from operations		<u>13 144</u>	<u>15 338</u>
Cash outflows			
Payments for expenses		(5 248)	(4 715)
Cash used in operations		<u>(5 248)</u>	<u>(4 715)</u>
Net cash provided by operating activities	10(b)	<u>7 896</u>	<u>10 623</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		273 988	277 366
Net repayments of advances to estates		(5 128)	1 478
Cash generated from investing activities		<u>268 860</u>	<u>278 844</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(312 953)	(281 512)
Cash used in investing activities		<u>(312 953)</u>	<u>(281 512)</u>
Net cash (used in) investing activities		<u>(44 093)</u>	<u>(2 668)</u>
Cash flows from financing activities:			
Cash inflows			
Net proceeds/payments from applications/redemptions from/(to) unitholders		20 190	15 248
Net proceeds/payments from applications/redemptions from/(to) other Common Funds		31 408	(10 691)
Cash generated from financing activities		<u>51 598</u>	<u>4 557</u>
Cash outflows			
Distributions paid		(9 115)	(9 613)
Cash used in financing activities		<u>(9 115)</u>	<u>(9 613)</u>
Net cash provided by / (used in) financing activities		<u>42 483</u>	<u>(5 056)</u>
Net increase in cash and cash equivalents		<u>6 286</u>	<u>2 899</u>
Cash and cash equivalents at 1 July		<u>15 804</u>	<u>12 905</u>
Cash and cash equivalents at 30 June	5	<u><u>22 090</u></u>	<u><u>15 804</u></u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

Short Term Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Investment income			
Interest	2(e)	1 484	1 572
Net (loss) on financial assets held at fair value through profit or loss	2(b), 3(d)	(94)	(237)
Other Income		-	2
Total investment income		<u>1 390</u>	<u>1 337</u>
Expenses			
Public Trustee management fees	2(f)	350	336
Legal and advisory expenses		8	8
Total expenses		<u>358</u>	<u>344</u>
Net operating profit		<u>1 032</u>	<u>993</u>
Financing costs attributable to unitholders			
Undistributed Income brought forward		609	687
Distributions to unitholders	2(h), 4	(1 176)	(1 308)
Transfers from net assets to determine distributable income	2(i)	94	237
Total financing costs attributable to unitholders		<u>(473)</u>	<u>(384)</u>
(Increase) in net assets attributable to unitholders		<u>(559)</u>	<u>(609)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Short Term Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets:			
Cash and cash equivalents	5	23 567	17 854
Financial assets held at fair value through profit or loss	6	32 650	31 388
Other assets		288	304
Total assets		<u>56 505</u>	<u>49 546</u>
Liabilities:			
Income distribution payable		559	609
Other liabilities		1	2
Total liabilities (excluding net assets attributable to unitholders)		<u>560</u>	<u>611</u>
Net assets attributable to unitholders - liability	3(c)	<u>55 945</u>	<u>48 935</u>
Represented by:			
Fair value of outstanding units based on net asset value		<u>55 945</u>	<u>48 935</u>

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Short Term Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Interest received		1 592	1 701
Cash generated from operations		<u>1 592</u>	<u>1 701</u>
Cash outflows			
Payments for expenses		(358)	(344)
Cash used in operations		<u>(358)</u>	<u>(344)</u>
Net cash provided by operating activities	10(b)	<u>1 234</u>	<u>1 357</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		23 551	12 007
Cash generated from investing activities		<u>23 551</u>	<u>12 007</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(25 000)	(11 500)
Cash used in investing activities		<u>(25 000)</u>	<u>(11 500)</u>
Net cash (used in) / provided by investing activities		<u>(1 449)</u>	<u>507</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		17 411	4 770
Cash generated from financing activities		<u>17 411</u>	<u>4 770</u>
Cash outflows			
Payments for redemptions by unitholders		(10 307)	(6 956)
Distributions paid		(1 176)	(1 308)
Cash used in financing activities		<u>(11 483)</u>	<u>(8 264)</u>
Net cash provided by / (used in) financing activities		<u>5 928</u>	<u>(3 494)</u>
Net increase / (decrease) in cash and cash equivalents		5 713	(1 630)
Cash and cash equivalents at 1 July		17 854	19 484
Cash and cash equivalents at 30 June	5	<u>23 567</u>	<u>17 854</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

Long Term Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Investment income			
Interest	2(e)	3 125	3 387
Net (loss) / gain on financial assets held at fair value through profit or loss	2(b), 3(d)	(1 641)	916
Other Income		-	4
Total investment income		1 484	4 307
Expenses			
Public Trustee management fees	2(f)	689	706
Legal and advisory expenses		16	17
Total expenses		705	723
Net operating profit		779	3 584
Financing costs attributable to unitholders			
Undistributed Income brought forward		1 321	1 459
Distributions to unitholders	2(h), 4	(2 583)	(2 806)
Transfers from / (to) net assets to determine distributable income	2(i)	1 653	(916)
Total financing costs attributable to unitholders		391	(2 263)
(Increase) in net assets attributable to unitholders		(1 170)	(1 321)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Long Term Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets:			
Cash and cash equivalents	5	29 662	24 280
Financial assets held at fair value through profit or loss	6	63 026	66 849
Other assets		557	713
Total assets		93 245	91 842
Liabilities:			
Income Distribution Payable		1 170	1 321
Other liabilities		-	4
Total liabilities (excluding net assets attributable to unitholders)		1 170	1 325
Net assets attributable to unitholders - liability	3(c)	92 075	90 517
Represented by:			
Fair value of outstanding units based on net asset value		92 075	90 517

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Long Term Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Interest received		3 449	3 577
Cash generated from operations		<u>3 449</u>	<u>3 577</u>
Cash outflows			
Payments for expenses		(708)	(720)
Cash used in operations		<u>(708)</u>	<u>(720)</u>
Net cash provided by operating activities	10(b)	<u>2 741</u>	<u>2 857</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		33 513	6 000
Cash generated from investing activities		<u>33 513</u>	<u>6 000</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(31 500)	(6 000)
Cash used in investing activities		<u>(31 500)</u>	<u>(6 000)</u>
Net cash provided by investing activities		<u>2 013</u>	<u>-</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		19 738	8 222
Cash generated from financing activities		<u>19 738</u>	<u>8 222</u>
Cash outflows			
Payments for redemptions by unitholders		(16 527)	(11 571)
Distributions paid		(2 583)	(2 806)
Cash used in financing activities		<u>(19 110)</u>	<u>(14 377)</u>
Net cash provided by / (used in) financing activities		<u>628</u>	<u>(6 155)</u>
Net increase / (decrease) in cash and cash equivalents		<u>5 382</u>	<u>(3 298)</u>
Cash and cash equivalents at 1 July		<u>24 280</u>	<u>27 578</u>
Cash and cash equivalents at 30 June	5	<u>29 662</u>	<u>24 280</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

Overseas Fixed Interest Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Investment income			
Trust Distributions		3 335	895
Interest	2(e)	208	84
Net (loss) / gain on financial assets held at fair value through profit or loss	2(b), 3(d)	(2 324)	896
Other Income		74	80
Total investment income		1 293	1 955
Expenses			
Public Trustee management fees	2(f)	422	391
Legal and advisory expenses		10	9
Total expenses		432	400
Net operating profit		861	1 555
Financing costs attributable to unitholders			
Undistributed Income brought forward		426	308
Distributions to unitholders	2(h), 4	(1 211)	(541)
Transfers from / (to) net assets to determine distributable income	2(i)	2 324	(896)
Total Financing costs attributable to unitholders		1 539	(1 129)
(Increase) in net assets attributable to unitholders		(2 400)	(426)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Overseas Fixed Interest Common Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets:			
Cash and cash equivalents	5	15 152	4 107
Financial assets held at fair value through profit or loss	6	37 588	39 838
Other assets		1 601	359
Total assets		54 341	44 304
Liabilities:			
Income distribution payable		2 400	426
Other liabilities		-	2
Total liabilities (excluding net assets attributable to unitholders)		2 400	428
Net assets attributable to unitholders - liability	3(c)	51 941	43 876
Represented by:			
Fair value of outstanding units based on net asset value		51 941	43 876

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Overseas Fixed Interest Common Fund
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		2 108	886
Interest received		194	84
Cash generated from operations		<u>2 302</u>	<u>970</u>
Cash outflows			
Payments for expenses		(434)	(400)
Cash used in operations		<u>(434)</u>	<u>(400)</u>
Net cash provided by operating activities	10(b)	<u>1 868</u>	<u>570</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		-	-
Cash generated from investing activities		<u>-</u>	<u>-</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		-	(4 000)
Cash used in investing activities		<u>-</u>	<u>(4 000)</u>
Net cash (used in) investing activities		<u>-</u>	<u>(4 000)</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		14 890	7 996
Cash generated from financing activities		<u>14 890</u>	<u>7 996</u>
Cash outflows			
Payments for redemptions by unitholders		(4 502)	(3 676)
Distributions paid		(1 211)	(541)
Cash used in financing activities		<u>(5 713)</u>	<u>(4 217)</u>
Net cash provided by financing activities		<u>9 177</u>	<u>3 779</u>
Net increase in cash and cash equivalents		<u>11 045</u>	<u>349</u>
Cash and cash equivalents at 1 July		<u>4 107</u>	<u>3 758</u>
Cash and cash equivalents at 30 June	5	<u>15 152</u>	<u>4 107</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

Australian Shares Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Investment income			
Trust Distributions		15 875	5 035
Interest	2(e)	114	71
Net gain on financial assets held at fair value through profit or loss	2(b), 3(d)	7 879	2 128
Other Income		668	574
Total investment income		24 536	7 808
Expenses			
Public Trustee management fees	2(f)	1 682	1 660
Legal and advisory expenses		39	40
Total expenses		1 721	1 700
Net operating profit		22 815	6 108
Financing costs attributable to unitholders			
Undistributed Income brought forward		2 174	5 145
Distributions to unitholders	2(h), 4	(7 648)	(6 951)
Transfers (to) net assets to determine distributable income	2(i)	(4 629)	(2 128)
Total financing costs attributable to unitholders		(10 103)	(3 934)
(Increase) in net assets attributable to unitholders		(12 712)	(2 174)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Australian Shares Common Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets:			
Cash and cash equivalents	5	5 361	2 204
Financial assets held at fair value through profit or loss	6	151 698	161 152
Other assets		12 427	2 471
Total assets		169 486	165 827
Liabilities:			
Income Distribution Payable		12 712	2 174
Other liabilities		-	10
Total liabilities (excluding net assets attributable to unitholders)		12 712	2 184
Net assets attributable to unitholders - liability	3(c)	156 774	163 643
Represented by:			
Fair value of outstanding units based on net asset value		156 774	163 643

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Australian Shares Common Fund
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		5 922	8 216
Interest received		111	74
Cash generated from operations		<u>6 033</u>	<u>8 290</u>
Cash outflows			
Payments for expenses		(1 730)	(1 690)
Cash used in operations		<u>(1 730)</u>	<u>(1 690)</u>
Net cash provided by operating activities	10(b)	<u>4 303</u>	<u>6 600</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		20 000	-
Cash generated from investing activities		<u>20 000</u>	<u>-</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(2 000)	-
Cash used in investing activities		<u>(2 000)</u>	<u>-</u>
Net cash provided by investing activities		<u>18 000</u>	<u>-</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		25 514	16 708
Cash generated from financing activities		<u>25 514</u>	<u>16 708</u>
Cash outflows			
Payments for redemptions by unitholders		(37 012)	(17 870)
Distributions paid		(7 648)	(6 951)
Cash used in financing activities		<u>(44 660)</u>	<u>(24 821)</u>
Net cash (used in) financing activities		<u>(19 146)</u>	<u>(8 113)</u>
Net increase / (decrease) in cash and cash equivalents		3 157	(1 513)
Cash and cash equivalents at 1 July		2 204	3 717
Cash and cash equivalents at 30 June	5	<u>5 361</u>	<u>2 204</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

Overseas Shares Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Investment income			
Trust Distributions		11 555	14 647
Interest	2(e)	158	104
Net gain / (loss) on financial assets held at fair value through profit or loss	2(b), 3(d)	9 325	(15 999)
Other Income		229	362
Total investment income		21 267	(886)
Expenses			
Public Trustee management fees	2(f)	1 239	1 302
Legal and advisory expenses		28	31
Total Expenses		1 267	1 333
Net operating profit		20 000	(2 219)
Financing costs attributable to unitholders			
Undistributed Income brought forward		15 116	783
Distributions to unitholders	2(h), 4	(15 735)	(7 957)
Transfers (to) / from net assets to determine distributable income	2(i)	(8 732)	24 509
Total financing costs attributable to unitholders		(9 351)	17 335
(Increase) in net assets attributable to unitholders		(10 649)	(15 116)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Overseas Shares Common Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets:			
Cash and cash equivalents	5	4 618	1 117
Financial assets held at fair value through profit or loss	6	130 645	98 092
Other assets		11 346	14 416
Total assets		146 609	113 625
Liabilities:			
Income distribution payable		10 649	15 116
Other liabilities		-	7
Total liabilities (excluding net assets attributable to unitholders)		10 649	15 123
Net assets attributable to unitholders - liability	3(c)	135 960	98 502
Represented by:			
Fair value of outstanding units based on net asset value		135 960	98 502

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Overseas Shares Common Fund
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		14 631	15 234
Interest received		154	108
Cash generated from operations		<u>14 785</u>	<u>15 342</u>
Cash outflows			
Payments for expenses		<u>(1 275)</u>	<u>(1 324)</u>
Cash used in operations		<u>(1 275)</u>	<u>(1 324)</u>
Net cash provided by operating activities	10(b)	<u>13 510</u>	<u>14 018</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		<u>2 000</u>	<u>30 750</u>
Cash generated from investing activities		<u>2 000</u>	<u>30 750</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		<u>(25 000)</u>	<u>(17 250)</u>
Cash used in investing activities		<u>(25 000)</u>	<u>(17 250)</u>
Net cash (used in) / provided by investing activities		<u>(23 000)</u>	<u>13 500</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		<u>38 873</u>	<u>9 454</u>
Cash generated from financing activities		<u>38 873</u>	<u>9 454</u>
Cash outflows			
Payments for redemptions by unitholders		<u>(10 147)</u>	<u>(32 037)</u>
Distributions paid		<u>(15 735)</u>	<u>(7 957)</u>
Cash used in financing activities		<u>(25 882)</u>	<u>(39 994)</u>
Net cash provided by / (used in) financing activities		<u>12 991</u>	<u>(30 540)</u>
Net increase / (decrease) in cash and cash equivalents		3 501	(3 022)
Cash and cash equivalents at 1 July		1 117	4 139
Cash and cash equivalents at 30 June	5	<u>4 618</u>	<u>1 117</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

Property Common Fund
Statement of Comprehensive Income
for the year ended 30 June 2017

	Note	2017 \$'000	2016 \$'000
Investment income			
Trust Distributions		10 143	4 436
Interest	2(e)	181	114
Net (loss) / gain on financial assets held at fair value through profit or loss	2(b), 3(d)	(4 587)	5 012
Other Income		122	116
Total investment income		5 859	9 678
Expenses			
Public Trustee management fees	2(f)	852	564
Legal and advisory expenses		19	14
Total expenses		871	578
Net operating profit		4 988	9 100
Financing costs attributable to unitholders			
Undistributed Income brought forward		5 117	4 520
Distributions to unitholders	2(h), 4	(5 784)	(4 745)
Transfers from / (to) net assets to determine distributable income	2(i)	4 837	(3 758)
Total Financing costs attributable to unitholders		4 170	(3 983)
(Increase) in net assets attributable to unitholders		(9 158)	(5 117)
Total comprehensive income for the year		-	-

The above Statement of Comprehensive Income should be read in conjunction with the accompanying notes

Property Common Fund
Statement of Financial Position
as at 30 June 2017

	Note	2017 \$'000	2016 \$'000
Assets:			
Cash and cash equivalents	5	4 040	1 430
Financial assets held at fair value through profit or loss	6	90 860	70 198
Other assets		9 019	3 977
Total assets		103 919	75 605
Liabilities:			
Income distribution payable		9 158	5 117
Other liabilities		-	4
Total liabilities (excluding net assets attributable to unitholders)		9 158	5 121
Net assets attributable to unitholders - liability	3(c)	94 761	70 484
Represented by:			
Fair value of outstanding units based on net asset value		94 761	70 484

The above Statement of Financial Position should be read in conjunction with the accompanying notes

Public Trustee
COMMON FUNDS

Property Common Fund
Statement of Cash Flows
for the year ended 30 June 2017

	Note	2017 Inflows (Outflows) \$'000	2016 Inflows (Outflows) \$'000
Cash flows from operating activities:			
Cash inflows			
Trust distributions received		5 104	4 409
Interest received		179	117
Cash generated from operations		<u>5 283</u>	<u>4 526</u>
Cash outflows			
Payments for expenses		(876)	(574)
Cash used in operations		<u>(876)</u>	<u>(574)</u>
Net cash provided by operating activities	10(b)	<u>4 407</u>	<u>3 952</u>
Cash flows from investing activities:			
Cash inflows			
Proceeds from the sale of financial assets held at fair value through profit or loss		1 000	4 000
Cash generated from investing activities		<u>1 000</u>	<u>4 000</u>
Cash outflows			
Purchase of financial assets held at fair value through profit or loss		(26 127)	(26 939)
Cash used in investing activities		<u>(26 127)</u>	<u>(26 939)</u>
Net cash (used in) / provided by investing activities		<u>(25 127)</u>	<u>(22 939)</u>
Cash flows from financing activities:			
Cash inflows			
Proceeds from applications by unitholders		37 275	27 677
Cash generated from financing activities		<u>37 275</u>	<u>27 677</u>
Cash outflows			
Payments for redemptions by unitholders		(8 161)	(5 520)
Distributions paid		(5 784)	(4 745)
Cash used in financing activities		<u>(13 945)</u>	<u>(10 265)</u>
Net cash provided by / (used in) financing activities		<u>23 330</u>	<u>17 412</u>
Net (decrease) / increase in cash and cash equivalents		2 610	(1 575)
Cash and cash equivalents at 1 July		1 430	3 005
Cash and cash equivalents at 30 June	5	<u>4 040</u>	<u>1 430</u>

The above Statement of Cash Flows should be read in conjunction with the accompanying notes

Notes to and forming part of the financial statements

1. General information

The Common Funds have been established pursuant to the *Public Trustee Act 1995* or its predecessor legislation. The following Common Funds were active for the whole of the current and comparative reporting periods:

- Cash Common Fund;
- Short Term Fixed Interest Common Fund;
- Long Term Fixed Interest Common Fund;
- Australian Shares Common Fund;
- Overseas Fixed Interest Common Fund;
- Overseas Shares Common Fund; and
- Property Common Fund.

The Inflation Linked Investments Common Fund was dormant throughout 2016-17 (and 2015-16), has nil assets and liabilities and has not been reported.

Investment in Common Funds (with the exception of direct investment in the Cash Common Fund) is by way of notional unit holdings in the Common Funds. Unitholders may invest in the Cash Common Fund or alternately invest in a selection of Common Funds in proportions determined by one or more of the following standard investment strategies provided by Public Trustee:

- | | |
|------------------|------------|
| • Capital Stable | • Growth |
| • Balanced | • Equities |

Management of Common Fund investments is undertaken by Public Trustee. An Investment Advisory Committee consisting of senior Public Trustee personnel, with attendance by external investment advisors, assists the Public Trustee in ensuring a sound and prudent system for investing client funds.

Australian and International Equity investments, Property investments together with Overseas Fixed Interest investments are made using Australian domiciled pooled funds.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of accounting

Comparative Information

The presentation and classification of items in the financial statements are consistent with prior periods.

Statement of Compliance

The Public Trustee Common Funds financial statements are general purpose financial statements and have been prepared in accordance with relevant Australian Accounting Standards and comply with Treasurer's Instructions issued pursuant to the provisions of the *Public Finance and Audit Act 1987*.

Basis of Preparation

The Public Trustee Common Funds financial statements have been prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated. The statements have also been prepared on the basis that all funds are distributable to unitholders resulting in zero residual equity. On this basis, the Statement of Changes in Equity has not been included for reporting purposes as the changes in equity are zero.

(b) Financial instruments

(i) Classification

The Funds' investments are classified as at fair value through profit or loss.

These include financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments and commercial paper. Other assets/liabilities comprise amounts due to or from the Common Funds.

2. Summary of significant accounting policies (continued)

(ii) Recognition

The Funds recognise financial assets and financial liabilities on the date it becomes party to the contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date.

(iii) Measurement

(a) Financial Assets held at fair value through the profit or loss

Financial assets and liabilities are held at fair value through the profit or loss. Investments in pooled funds are recorded at fair value as reported by the managers of such funds. Public Trustee has determined the fair value of financial assets to be the market value of these investments at balance date. Accounting Standard *AASB 7 Financial Instruments: Disclosures* requires disclosure of the measurement methodology used to value financial instruments. Public Trustee invests through fund managers and utilises pricing data provided by those managers which is indirectly derived from the pricing of the underlying securities. Consistent with the definitions in *AASB 13* this methodology is classified as level 2 of the fair value hierarchy.

(b) Impairment

If any indication of impairment exists, an impairment loss is recognised in the Statement of Comprehensive Income as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

If in a subsequent period the amount of an impairment loss recognised on a financial asset carried at amortised cost decreases and the decrease can be linked objectively to an event occurring after the write-down, the write-down is reversed through the Statement of Comprehensive Income.

(c) Net assets attributable to unitholders

Units are redeemable at the unitholders' option and are therefore classified as financial liabilities. The units can be returned into the Common Funds at any time for cash equal to a proportionate share of the Common Funds' net asset values. The fair value of redeemable units is measured at the redemption amount that is payable (based on the redemption unit price) at the Statement of Financial Position date if unitholders exercise their right to return the units back to the Common Funds. For financial reporting purposes and compliance with Australian Accounting Standards assets are recorded at net asset value.

(d) Cash and cash equivalents

For Statement of Cash Flows presentation purposes, cash and cash equivalents includes 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 and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts, where applicable, are shown within liabilities on the Statement of Financial Position.

For all Common Funds (other than Cash Common Fund) cash equivalents include the Funds' investments in and borrowings from the Cash Common Fund.

Payments and receipts relating to the purchase and sale of investment securities are classified as investing cash flows because the core activity of the Public Trustee is the administration of Trustee Services.

(e) Investment income

Interest income and expenses are recognised in the Statement of Comprehensive Income for all debt instruments using the effective interest method. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(b).

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial

2. Summary of significant accounting policies (continued)

instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

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

(f) Expenses

All expenses, including management fees, are recognised in the Statement of Comprehensive Income on an accrual basis.

Management fees are charged against each Common Fund at a rate of one-twelfth of one percent of the value of the fund as at the first business day of each month as authorised by the *Public Trustee Act 1995*.

(g) Income tax

Under current legislation, the Common Funds are not subject to income tax provided the taxable income of the Fund is fully distributed either by way of cash or reinvestment (i.e. unitholders are presently entitled to the income of the Fund).

Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, the portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax.

Realised capital losses are not distributed to unitholders but are retained in the Funds to be offset against any realised capital gains. If realised capital gains exceed realised capital losses, the excess is distributed to unitholders.

The benefits of imputation credits and foreign tax paid are passed on to unitholders.

The Funds currently incur withholding tax imposed by certain countries on investment income. Such income is recorded net of withholding tax in the Statement of Comprehensive Income.

(h) Distributions

Public Trustee distributes Common Fund income and capital based on the financial results at 31 December and 30 June.

Public Trustee recognises Common Fund distributions to client accounts on the date they are paid by Public Trustee. Public Trustee charges clients with income and capital commission on the date the Common Funds makes a distribution to client accounts and interest earned is credited when received.

The items above are accrued as appropriate in the statutory accounts under Australian Accounting Standards and the distributions are recognised in the Statement of Comprehensive Income as finance costs attributable to unitholders.

(i) Transfers (to)/from net assets to determine distributable income

Non-distributable income is included in net assets attributable to unitholders and may consist of unrealised changes in the net fair value of financial instruments held at fair value through profit or loss, accrued income not yet assessable, expenses provided or accrued for which are not yet deductible, and net capital losses. Net capital gains on the realisation of any financial instruments and accrued income not yet assessable will be included in the determination of distributable income in the same year in which it becomes assessable for tax. Movements in net assets attributable to unitholders are recognised in the Statement of Comprehensive Income as financing costs.

(j) Foreign currency translation

i) Functional and presentation currency

Items included in the Common Funds' financial statements are measured using the currency of the primary economic environment in which it operates (the "functional currency"). This is the Australian dollar, which reflects the currency of the economy in which the Common Funds compete for funds and is regulated. The Australian dollar is also the Fund's presentation currency.

2. Summary of significant accounting policies (continued)

ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translations at year-end exchange rates, of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

The Funds do not isolate that portion of gains or losses on financial instruments which is due to changes in foreign exchange rates from that which is due to changes in the market price of securities. Such fluctuations are included with the net gains or losses on financial instruments at fair value through profit or loss.

(k) Other assets

Other assets may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the end of each reporting period from the time of last payment using the effective interest rate method. Amounts are generally received within 30 days of being recorded as receivable.

(l) Other liabilities

Other liabilities and accrued expenses owing by the Funds which are unpaid as at balance date.

The distribution amount payable to unitholders as at the end of each reporting period is recognised separately on the Statement of Financial Position as unitholders are presently entitled to the distributable income as at 30 June 2017 under the Trust Deed.

(m) Applications and redemptions

Applications received for units in the Common Funds are recorded net of any entry fees payable prior to the issue of units in the Fund. Redemptions from the Fund are recorded gross of any exit fees payable after the cancellation of units redeemed.

(n) Goods and services tax (GST)

The Common Funds are registered entities under the Goods and Services Tax (GST) legislation. Investments in Public Trustee Common Funds are classified as input taxed financial supplies and no GST is charged on such supplies. The GST incurred on the costs of various services provided to the Common Funds by third parties such as management fees have been passed onto the Common Funds. The Common Funds qualify for Reduced Input Tax Credits (RITC) at a rate of 75% hence investment management fees and other expenses have been recognised in the Statement of Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Accounts payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position.

(o) Use of estimates

The Common Funds financial statements include estimates and assumptions that affect the reported amounts of assets and liabilities within the 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.

(p) New accounting standards and interpretations

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective, have not been adopted by the Public Trustee for the period ending 30 June 2017. The Public Trustee has assessed the impact of the new and amended standards and interpretations and considers there will be no impact on the accounting policies or the financial statements except as outlined below.

AASB 9 Financial Instruments has been identified for investigation with the impact yet to be determined. AASB 9 provides the principles for the classification, measurement, recognition, derecognition and disclosure associated with financial assets and liabilities.

AASB 9 also includes new rules for hedge accounting and will apply for the first time for reporting periods beginning on or after 1 January 2018.

(q) Rounding of amounts

All the amounts in the financial statements have been rounded to the nearest thousand dollars ('000).

Public Trustee
COMMON FUNDS

3. Net assets attributable to unitholders

Movements in number of units and net assets attributable to unitholders during the year were as follows:

Each unit represents a right to an individual share in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

(a) Common Fund unit prices

Common Fund unit prices at 30 June	2017		2016	
	Purchase Price	Redemption Price	Purchase Price	Redemption Price
Short Term Fixed Interest	\$1.0070	\$1.0040	\$1.0081	\$1.0051
Long Term Fixed Interest	\$1.0589	\$1.0557	\$1.0780	\$1.0748
Overseas Fixed Interest	\$0.8655	\$0.8634	\$0.9049	\$0.9027
Australian Shares	\$1.7675	\$1.7577	\$1.7159	\$1.7063
Overseas Shares	\$1.2673	\$1.2605	\$1.1752	\$1.1689
Property	\$1.0407	\$1.0345	\$1.0995	\$1.0929

(b) Movements in units

Common Fund						
	Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest	
	2017 No. of units 000's	2016 No. of units 000's	2017 No. of units 000's	2016 No. of units 000's	2017 No. of units 000's	2016 No. of units 000's
Opening balance	48 614	50 797	84 096	87 269	48 584	43 747
Applications	17 282	4 721	18 513	7 676	16 604	8 966
Redemptions	(10 258)	(6 904)	(15 521)	(10 849)	(5 047)	(4 129)
Closing balance	55 638	48 614	87 088	84 096	60 141	48 584

Common Fund						
	Australian Shares		Overseas Shares		Property	
	2017 No. of units 000's	2016 No. of units 000's	2017 No. of units 000's	2016 No. of units 000's	2017 No. of units 000's	2016 No. of units 000's
Opening balance	95 675	96 469	84 095	99 326	64 129	43 521
Applications	14 048	9 784	31 429	6 637	34 190	25 717
Redemptions	(20 748)	(10 578)	(7 840)	(21 868)	(7 319)	(5 109)
Closing balance	88 975	95 675	107 684	84 095	91 000	64 129

Public Trustee
COMMON FUNDS

3. Net assets attributable to unitholders (continued)

(c) Movements in funds employed

	Common Fund							
	Cash		Short Term Fixed Interest		Long Term Fixed Interest		Overseas Fixed Interest	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance	380 458	366 226	48 935	51 358	90 517	92 950	43 876	38 660
Applications	11 716	3 056	17 411	4 770	19 738	8 222	14 890	7 996
Redemptions	(6 495)	(4 145)	(10 307)	(6 956)	(16 527)	(11 571)	(4 501)	(3 676)
Transfers from / (to) net assets to determine distributable income ¹	15 238	15 321	(94)	(237)	(1 653)	916	(2 324)	896
Closing balance	400 917	380 458	55 945	48 935	92 075	90 517	51 941	43 876

	Common Fund					
	Australian Shares		Overseas Shares		Property	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Opening balance	163 643	162 677	98 502	145 594	70 484	44 569
Applications	25 514	16 708	38 873	9 454	37 275	27 677
Redemptions	(37 012)	(17 870)	(10 147)	(32 037)	(8 161)	(5 520)
Transfers from / (to) net assets to determine distributable income	4 629	2 128	8 732	(24 509)	(4 837)	3 758
Closing balance	156 774	163 643	135 960	98 502	94 761	70 484

¹ The Cash Common Fund is the primary working account for trust administration operations. Movements in net assets attributable to unitholders are typically high volume, low value transactions.

(d) Net realised and unrealised gains (losses) on financial assets

	Net Unrealised Gains (Losses)		Net Realised Gains (Losses)		Total Gains (Losses)	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Common Fund						
Cash	471	(869)	(205)	(163)	266	(1 032)
Short Term Fixed Interest	(6)	(16)	(88)	(221)	(94)	(237)
Long Term Fixed Interest	(1 473)	-	(168)	916	(1 641)	916
Overseas Fixed Interest	(2 324)	896	-	-	(2 324)	896
Australian Shares	7 365	2 128	514	-	7 879	2 128
Overseas Shares	9 234	(15 722)	91	(277)	9 325	(15 999)
Property	(4 576)	4 553	(11)	459	(4 587)	5 012
	8 691	(9 030)	133	714	8 824	(8 316)

Public Trustee

COMMON FUNDS

4. Distributions to unitholders

The distributions, including cents per unit (CPU), were paid/payable as follows:

Cash Common Fund

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Distributions paid	9 115	0.0232	9 613	0.0255
Undistributable income brought forward	(1 004)	-	(1 027)	-
Distributions payable	<u>824</u>	-	<u>1 004</u>	-
	<u>8 935</u>		<u>9 590</u>	

Short Term Fixed Interest Common Fund

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Distributions paid	1 176	0.0211	1 308	0.0269
Undistributable income brought forward	(609)	-	(687)	-
Distributions payable	<u>559</u>	-	<u>609</u>	-
	<u>1 126</u>		<u>1 230</u>	

Long Term Fixed Interest Common Fund

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Distributions paid	2 583	0.0297	2 806	0.0334
Undistributable income brought forward	(1 321)	-	(1 459)	-
Distributions payable	<u>1 170</u>	-	<u>1 321</u>	-
	<u>2 432</u>		<u>2 668</u>	

Overseas Fixed Interest Common Fund

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Distributions paid	1 211	0.0201	541	0.0111
Undistributable income brought forward	(426)	-	(308)	-
Distributions payable	<u>2 400</u>	-	<u>426</u>	-
	<u>3 185</u>		<u>659</u>	

Australian Shares Common Fund

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Distributions paid	7 648	0.0860	6 951	0.0727
Undistributable income brought forward	(2 174)	-	(5 145)	-
Distributions payable	<u>12 712</u>	-	<u>2 174</u>	-
	<u>18 186</u>		<u>3 980</u>	

Public Trustee

COMMON FUNDS

4. Distributions to unitholders (continued)

Overseas Shares Common Fund

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Distributions paid	15 735	0.1461	7 957	0.0946
Undistributable income brought forward	(15 116)	-	(783)	-
Distributions payable	<u>10 649</u>	-	<u>15 116</u>	-
	<u>11 268</u>		<u>22 290</u>	

Property Common Fund

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Distributions paid	5 784	0.0636	4 745	0.0740
Undistributable income brought forward	(5 117)	-	(4 520)	-
Distributions payable	<u>9 158</u>	-	<u>5 117</u>	-
	<u>9 825</u>		<u>5 342</u>	

In accordance with the *Public Trustee Act 1995*, investors received a proportionate distribution of net income depending on the number of days units were held.

Included in the distributions payable at 30 June 2017 were the following net realised capital gains which were distributed to unitholders based on the number of units held as at 30 June 2017:

Common Fund Capital Distributions Payable

	2017 \$'000	2017 CPU	2016 \$'000	2016 CPU
Long Term Fixed Interest	13	0.0001	54	0.0006
Australian Shares	11 090	0.1246	3 928	0.0411
Overseas Shares	7 948	0.0738	7 175	0.0853
Property	<u>5 871</u>	<u>0.0645</u>	<u>4 113</u>	<u>0.0641</u>
	<u>24 922</u>		<u>15 270</u>	

Public Trustee

COMMON FUNDS

5. Cash and cash equivalents

Cash Common Fund	2017	2016
	\$'000	\$'000
Cash at bank	1 090	2
Money market instruments	21 000	16 000
Bank overdraft	-	(198)
	<u>22 090</u>	<u>15 804</u>
 Short Term Fixed Interest Common Fund	 2017	 2016
	\$'000	\$'000
Deposits in Cash Common Fund	<u>23 567</u>	<u>17 854</u>
	<u>23 567</u>	<u>17 854</u>
 Long Term Fixed Interest Common Fund	 2017	 2016
	\$'000	\$'000
Deposits in Cash Common Fund	<u>29 662</u>	<u>24 280</u>
	<u>29 662</u>	<u>24 280</u>
 Overseas Fixed Interest Common Fund	 2017	 2016
	\$'000	\$'000
Deposits in Cash Common Fund	<u>15 152</u>	<u>4 107</u>
	<u>15 152</u>	<u>4 107</u>
 Australian Shares Common Fund	 2017	 2016
	\$'000	\$'000
Deposits in Cash Common Fund	<u>5 361</u>	<u>2 204</u>
	<u>5 361</u>	<u>2 204</u>
 Overseas Shares Common Fund	 2017	 2016
	\$'000	\$'000
Deposits in Cash Common Fund	<u>4 618</u>	<u>1 117</u>
	<u>4 618</u>	<u>1 117</u>
 Property Common Fund	 2017	 2016
	\$'000	\$'000
Deposits in Cash Common Fund	<u>4 040</u>	<u>1 430</u>
	<u>4 040</u>	<u>1 430</u>

5. Cash and Cash Equivalents (continued)

(a) Cash at bank and on hand

The cash deposit is held with a financial institution and is interest bearing at 1.70% (2016: 1.95%) per annum as at 30 June 2017 available at call. During 2016-17 Public Trustee's customer banking operations were provided by the Commonwealth Bank of Australia (CBA) as part of the whole of Government banking contract. Public Trustee also continued to manage a Westpac Banking Corporation (WBC) account during 2016-17 where a small number of deposits continue to be received. The CBA cash rate is the Reserve Bank target rate plus 20 basis points.

(b) Bank overdraft

There was no bank overdraft as at 30 June 2017 (2016: \$0.198 million). Public Trustee's CBA Cash Common Fund Banking account balance was \$2.337 million (2016: \$3.171 million) less unpresented cheques of \$0.756 million (2016: \$2.276 million) and deposits to the CBA Cash Common Fund banking account that cannot be attributed to specific customers as at 30 June 2017 of \$0.491 million (2016: \$1.093 million).

(c) Deposits in Cash Common Fund

Deposits in the Cash Common Fund act as operating cash accounts for the other Common Funds, and are interest bearing. These investments are available at call.

(d) Advances to other Common Funds / borrowings from Cash Common Fund

There were no advances from the Cash Common Fund to other Common Funds for the period to 30 June 2017.

Public Trustee
COMMON FUNDS

6. Financial assets held at fair value through profit and loss

	Common Funds			
	Cash		Short Term Fixed Interest	
	2017	2016	2017	2016
	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000	Fair Value \$'000
Designated as at fair value through profit or loss				
Fixed interest securities ¹	450 037	411 020	32 650	31 388
Total designated as at fair value through profit or loss	450 037	411 020	32 650	31 388
	Long Term Fixed Interest		Overseas Fixed Interest	
	2017	2016	2017	2016
	Fair Value	Fair Value	Fair Value	Fair Value
	\$'000	\$'000	\$'000	\$'000
Designated as at fair value through profit or loss				
Fixed interest securities	63 026	66 849	-	-
Unlisted unit trusts	-	-	37 588	39 838
Total designated as at fair value through profit or loss	63 026	66 849	37 588	39 838
	Australian Shares		Overseas Shares	
	2017	2016	2017	2016
	Fair Value	Fair Value	Fair Value	Fair Value
	\$'000	\$'000	\$'000	\$'000
Designated as at fair value through profit or loss				
Unlisted unit trusts	151 698	161 152	130 645	98 092
Total designated as at fair value through profit or loss	151 698	161 152	130 645	98 092
	Property			
	2017	2016		
	Fair Value	Fair Value		
	\$'000	\$'000		
Designated as at fair value through profit or loss				
Unlisted unit trusts	90 860	70 198		
Total designated as at fair value through profit or loss	90 860	70 198		

An overview of the risk exposures relating to financial assets at fair value through profit or loss is included in note 9.

¹ Includes other common funds deposits in the Cash Common Fund of \$82.399 million (2016: \$50.992 million).

(a) Fixed interest securities

These investments bear floating interest rates between 2.44% and 5.36% (2016: 2.74% and 6.80%). These investments are available at call.

Public Trustee

COMMON FUNDS

7. Financial transactions for entities within the SA Government

	2017	2016
	\$'000	\$'000
Public Trustee Common Fund Distributions	14 618	10 430
Refunds & Reimbursements	896	750
Gain / (Loss) on Public Trustee Common Funds	961	1 104
Total expenditure for entities within SA Government	16 475	12 284

Public Trustee Common Funds	355 698	276 207
Total funds due to entities within SA Government	355 698	276 207

Public Trustee administers funds on behalf of a number of government entities that invest in the Common Funds.

8. Derivative financial instruments

Public Trustee did not invest in derivative investments for the year ended 30 June 2017.

9. Financial risk management

Public Trustee's Common Fund activities expose it to a variety of financial risks: market risk (including interest rate risk and price risk), credit risk and liquidity risk. The overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. Only Australian domiciled pooled funds are used for overseas asset purchases. In terms of currency exposure, the Overseas Fixed Interest Common Fund is 100% hedged and the Overseas Shares Common Fund maintains a 50% hedged benchmark position which reduces currency volatility. Overseas currency exposure in the Property Common Fund is 97% hedged.

The Manager, Investment Services is responsible for ensuring that all investments are within the guidelines specified by Public Trustee's Investment Guidelines and Procedures Manual. The Manager, Investment Services may recommend to the Public Trustee and the Public Trustee may, after consultation with the Investment Advisory Committee, approve investments outside of Public Trustee's Investment Guidelines.

(a) Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to outstanding receivables and committed transactions.

Short-term money market instruments must have a short-term Standard and Poors (S&P) rating of A1 or in the case of the issuer being a bank under the *Banking Act 1959* a rating of A2 is accepted. Floating rate instruments must have a long-term S&P credit rating of A+ or better or where the counter party is a bank under the *Banking Act 1959*, a rating of BBB or better is accepted. Long-term investments must have long-term S&P credit ratings of A+ or better or be an investment in a Commonwealth or Semi-government bond. If there is no independent rating, Public Trustee assesses the credit quality of the provider, taking into account its financial position and past experience.

Credit risk arises primarily with the following classes of instruments and counterparties:

- Sovereign debt of the Australian Commonwealth and State Governments
- Sovereign debt of the foreign governments
- Banking corporations
- Corporate debt of investment grade
- Pooled Investment Funds

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of the financial assets.

The credit quality of financial assets that are neither past due nor impaired are assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Public Trustee
COMMON FUNDS

9. Financial risk management (continued)

Pooled Fund Investments are not rated, however, Public Trustee makes a thorough assessment of all Pooled Fund Managers in regard to credit and other risks prior to the investment of funds with each manager. The credit risk lies with the Pooled Fund Manager responsible for the management of the underlying investments. Public Trustee continually monitors these assessments.

Credit Risk Analysis

	2017 \$'000	2016 \$'000
Cash Common Fund		
<i>Cash and short term investments</i>		
A1+	159 094	158 826
A1	110 546	104 500
A2	75 500	65 007
Cash at bank	22 090	16 002
	<u>367 230</u>	<u>344 335</u>
<i>Long term investments</i>		
AAA	2 990	3 470
AA	22 534	-
AA-	53 738	44 659
A-	-	2 470
A	16 084	15 951
A+	6 047	16 137
BBB+	3 504	-
	<u>104 897</u>	<u>82 687</u>
Short Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
A1+	11 067	10 074
A2	6 500	3 000
Cash	23 567	17 854
	<u>41 134</u>	<u>30 928</u>
<i>Long term investments</i>		
AAA	997	-
AA+	-	2 078
AA	2 014	5 240
AA-	4 034	1 521
A-	-	4 497
A	5 012	1 985
A+	2 022	2 993
BBB+	1 004	-
	<u>15 083</u>	<u>18 314</u>
Long Term Fixed Interest Common Fund		
<i>Cash and short term investments</i>		
AAA	-	4 040
A1+	22 178	15 656
A2	1 000	1 000
Cash	29 662	24 280
	<u>52 840</u>	<u>44 976</u>
<i>Long term investments</i>		
AAA	5 355	5 548
AA+	6 727	24 825
AA	21 721	11 189
AA-	4 046	3 588
A-	-	1 003
A	1 999	-
	<u>39 848</u>	<u>46 153</u>

9. Financial risk management (continued)

(b) Market risk

(i) Price risk

The Australian Shares Common Fund, Overseas Shares Common Fund, Property Common Fund and the Overseas Fixed Interest Common Fund are exposed to price risk. Public Trustee is not directly exposed to commodity price risk.

To manage its price risk arising from investments in equity securities, Public Trustee diversifies its portfolio. Diversification of the portfolio is in accordance with Public Trustee's Investment Guidelines. Irrespective of what type of investment vehicle is used, the primary focus is to ensure the risk/reward objectives of Public Trustee's investment approach are met. The Common Funds comprise a number of sub-portfolios which invest in different sectors of the equity market.

The Australian Shares Common Fund invests primarily in ASX 300 Companies through Australian domiciled-pooled funds. The Australian Shares Common Fund portfolio consists of listed shares, convertible notes, instalment receipts, preference shares and options. No derivative products are permitted under Public Trustee's Investment Guidelines.

Equities in the Overseas Shares Common Fund consist of investments through Australian domiciled-pooled funds that obviate exposure to currency price risk. An "active" approach is used by the fund utilising a variety of fund managers with different investment styles. This provides diversification benefits and reduces the overall level of risk.

The Property Common Fund primarily invests in listed securities from the Property Trust sector of any Australian or overseas stock exchange or any listed company whose major activity is in real properties. Investments in this class also comprise un-listed unit trusts where the holding of property or infrastructure is the primary business activity of the issuer.

(ii) Cash flow and interest rate risk

Public Trustee is exposed to interest rate risk arising from cash investments, short term investments and Australian fixed interest investments. Instruments issued at fixed interest rates expose Public Trustee to fair value interest rate risk and variable rate instruments expose Public Trustee to cash flow interest rate risk.

The Cash Common Fund can invest in short term money market instruments with up to one year maturity, floating rate investment instruments with maturity terms up to 10 years if the counterparty is a bank with a credit rating of A- or better or fixed interest instruments with maturity terms up to 3 years. Securities with greater than one year maturity are restricted to make up less than 20% of the overall fund.

The Short Term Fixed Interest Common Fund can invest in fixed interest securities with maturity terms of three years if the credit rating is A+ or better, or a maturity term of up to 6 years for Commonwealth bonds, Semi-government bonds. The Long Term Fixed Interest Common Fund invests in securities with maturities ranging from 5 years to 25 years.

(iii) Foreign exchange risk

The Overseas Fixed Interest Common Fund, the Overseas Shares Common Fund and the Property Common Fund are indirectly exposed to foreign exchange risk as a result of their investments in other unit trusts which in turn invest in financial instruments that are denominated in foreign currencies. A sensitivity analysis is provided below, outlining the exposure to each type of market risk at the end of each reporting period, showing how profit or loss and equity would have been affected by the changes in the relevant risk variable that was reasonably possible at that date. All instruments are designated as financial assets at fair value through the profit or loss; resulting in no impact on equity.

Public Trustee
COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Cash Common Fund

	2017				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Cash & cash equivalents	22 090	(221)	221	-	-
Financial assets held at fair value through profit or loss	450 037	(4 500)	4 500	-	-
<i>Financial liabilities</i>					
Bank overdraft	-	-	-	-	-
Total (decrease) increase	(4 721)	4 721	-	-	-

	2016				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Cash & cash equivalents	16 002	(160)	160	-	-
Financial assets held at fair value through profit or loss	411 020	(4 110)	4 110	-	-
<i>Financial liabilities</i>					
Bank overdraft	(198)	(2)	2	-	-
Total (decrease) increase	(4 272)	4 272	-	-	-

Short Term Fixed Interest Common Fund

	2017				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	23 567	(236)	236	-	-
Financial assets held at fair value through profit or loss	32 650	(327)	327	-	-
Total (decrease) increase	(563)	563	-	-	-

	2016				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
Carrying Amount	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss	
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	17 854	(179)	179	-	-
Financial assets held at fair value through profit or loss	31 388	(314)	314	-	-
Total (decrease) increase	(493)	493	-	-	-

Public Trustee
COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Long Term Fixed Interest Common Fund

	2017			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
Carrying Amount	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	29 662	(297)	297	-
Financial assets held at fair value through profit or loss	63 026	(630)	630	-
Total (decrease) increase		(927)	927	-

	2016			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
Carrying Amount	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	24 280	(243)	243	-
Financial assets held at fair value through profit or loss	66 849	(668)	668	-
Total (decrease) increase		(911)	911	-

Overseas Fixed Interest Common Fund

	2017			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
Carrying Amount	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	15 152	(152)	152	-
Financial assets held at fair value through profit or loss	37 588	-	(7 518)	3 759
Total (decrease) increase		(152)	152	3 759

	2016			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Profit & Loss	Profit & Loss	Profit & Loss	Profit & Loss
Carrying Amount	\$'000	\$'000	\$'000	\$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	4 107	(41)	41	-
Financial assets held at fair value through profit or loss	39 838	-	(7 968)	3 984
Total (decrease) increase		(41)	41	3 984

Public Trustee

COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Australian Shares Common Fund

	2017			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	5 361	(54)	54	-
Financial assets held at fair value through profit or loss	151 698	-	-	(30 340)
Total (decrease) increase		(54)	54	(30 340)

	2016			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	2 204	(22)	22	-
Financial assets held at fair value through profit or loss	161 152	-	-	(32 230)
Total (decrease) increase		(22)	22	(32 230)

Overseas Shares Common Fund

	2017			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	4 618	(46)	46	-
Financial assets held at fair value through profit or loss	130 645	-	-	(26 129)
Total (decrease) increase		(46)	46	(26 129)

	2016			
	Interest rate risk		Price risk	
	-	+	-	+
	1%	1%	20%	10%
	Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000
<i>Financial assets</i>				
Deposits with Cash Common Fund	1 117	(11)	11	-
Financial assets held at fair value through profit or loss	98 092	-	-	(19 618)
Total (decrease) increase		(11)	11	(19 618)

Public Trustee
COMMON FUNDS

9. Financial risk management (continued) - sensitivity analysis

Property Common Fund

	2017				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
	Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	4 040	(40)	40	-	-
Financial assets held at fair value through profit or loss	90 860	-	-	(18 172)	9 086
Total (decrease) increase		(40)	40	(18 172)	9 086

	2016				
	Interest rate risk		Price risk		
	-	+	-	+	
	1%	1%	20%	10%	
	Carrying Amount \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000	Profit & Loss \$'000
<i>Financial assets</i>					
Deposits with Cash Common Fund	1 430	(14)	14	-	-
Financial assets held at fair value through profit or loss	70 198	-	-	(14 040)	7 020
Total (decrease) increase		(14)	14	(14 040)	7 020

(c) Liquidity risk

Public Trustee has working capital policies in place in order to maintain liquidity for clients. Short-term investment analysis assists in determining the amount, if any, to be invested or reinvested in order to maintain working capital. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, and the ability to close out market positions. Public Trustee manages the liquidity risk by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets and liabilities.

(d) Fair value estimation

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes. The fair value of these assets and liabilities is equal to their carrying amount.

Cash and cash equivalents are valued at nominal amounts. This asset consists of cash at bank, on hand and short-term money market deposits with maturities of three months or less that is readily converted to cash and which are subject to insignificant risk of changes in value.

Financial assets and liabilities are held at fair value through the profit or loss. Investments in pooled funds are recorded at fair value as reported by the managers of such funds. Public Trustee has determined the fair value of financial assets to be market value of these investments at balance date. Accounting Standard *AASB 7 Financial Instruments: Disclosures* requires disclosure of the measurement methodology used to value financial instruments. Public Trustee invests through fund managers and utilises pricing data provided by those managers which is indirectly derived from the pricing of the underlying securities. Consistent with the definitions in AASB 13 this methodology is classified as level 2 of the fair value hierarchy.

Receivables and payables are valued on a historical cost basis and Public Trustee considers that the carrying value approximates market value.

Public Trustee

COMMON FUNDS

10. Cash flow reconciliation

Cash Common Fund	2017	2016
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	22 090	15 804
Statement of Financial Position	22 090	15 804
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	9 201	8 558
Non-cash operating activities		
Net (gains) / losses on financial instruments held at fair value through profit or loss	(266)	1 032
Amortisation of discounts and premiums	213	226
Movement in assets and liabilities		
(Increase) / decrease in receivables and other assets	(1 225)	780
(Decrease) / increase in payables and other liabilities	(29)	9
Adjustment for balance day transactions	2	18
Net cash provided by operating activities	7 896	10 623
Short Term Fixed Interest Common Fund	2017	2016
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	23 567	17 854
Statement of Financial Position	23 567	17 854
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	1 032	993
Non-cash operating activities		
Net losses on financial instruments held at fair value through profit or loss	94	237
Amortisation of discounts and premiums	93	118
Movement in assets and liabilities		
Decrease in receivables and other assets	16	8
(Decrease) / Increase in payables and other liabilities	(1)	1
Net cash provided by operating activities	1 234	1 357
Long Term Fixed Interest Common Fund	2017	2016
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	29 662	24 280
Statement of Financial Position	29 662	24 280
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	779	3 584
Non-cash operating activities		
Net losses / (gains) on financial instruments held at fair value through profit or loss	1 641	(916)
Amortisation of discounts and premiums	169	174
Movement in assets and liabilities		
Decrease in receivables and other assets	156	11
(Decrease) / increase in payables and other liabilities	(4)	4
Net cash provided by operating activities	2 741	2 857

Public Trustee

COMMON FUNDS

10. Cash flow reconciliation (continued)

Overseas Fixed Interest Common Fund	2017	2016
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	15 152	4 107
Statement of Financial Position	15 152	4 107
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	861	1 555
Non-cash operating activities		
Net losses / (gains) on financial instruments held at fair value through profit or loss	2 324	(896)
Income reinvested and not received in cash	(73)	(80)
Movement in assets and liabilities		
(Increase) in receivables and other assets	(1 242)	(10)
(Decrease) / increase in payables and other liabilities	(2)	1
Net cash provided by operating activities	1 868	570
 Australian Shares Common Fund	 2017	 2016
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	5 361	2 204
Statement of Financial Position	5 361	2 204
(b) Reconciliation of profit/loss to net cash provided by operating activities:		
Net operating profit for the year	22 815	6 108
Non-cash operating activities		
Net (gains) on financial instruments held at fair value through profit or loss	(7 879)	(2 128)
Income reinvested and not received in cash	(667)	(574)
Movement in assets and liabilities		
(Increase) / decrease in receivables and other assets	(9 956)	3 184
Increase in payables and other liabilities	(10)	10
Net cash provided by operating activities	4 303	6 600
 Overseas Shares Common Fund	 2017	 2016
	\$'000	\$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	4 618	1 117
Statement of Financial Position	4 618	1 117
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit / (loss) for the year	20 000	(2 219)
Non-cash operating activities		
Net (gains) / losses on financial instruments held at fair value through profit or loss	(9 325)	15 999
Income reinvested and not received in cash	(228)	(362)
Movement in assets and liabilities		
Decrease in receivables and other assets	3 070	593
(Decrease) / increase in payables and other liabilities	(7)	7
Net cash provided by operating activities	13 510	14 018

Public Trustee

COMMON FUNDS

10. Cash flow reconciliation (continued)

Property Common Fund	2017 \$'000	2016 \$'000
(a) Reconciliation of cash and cash equivalents		
Statement of Cash Flows	4 040	1 430
Statement of Financial Position	4 040	1 430
(b) Reconciliation of profit/loss to net cash provided by (used in) operating activities:		
Net operating profit for the year	4 988	9 100
Non-cash operating activities		
Net losses / (gains) on financial instruments held at fair value through profit or loss	4 587	(5 012)
Income reinvested and not received in cash	(122)	(116)
Movement in assets and liabilities		
(Increase) in receivables and other assets	(5 042)	(24)
(Decrease) / increase in payables and other liabilities	(4)	4
Net cash provided by operating activities	4 407	3 952

11. Events occurring after balance date

There were no significant events that have occurred since the end of the reporting period which would impact on the financial position of the Common Funds.

12. Related party transactions

Public Trustee is a Government Business Enterprise and is wholly owned and controlled by the SA Government. Public Trustee Common Funds are wholly owned by unitholders who have invested in the funds. Public Trustee Corporate provides Key Management Personnel (KMP) to the Common Funds and on this basis Public Trustee Corporate is a related party together with all public authorities that are controlled and consolidated into the whole of government financial statements. Related parties also include all Common Fund KMP and their close family members.

Significant transactions with government related entities

An additional \$65 million was invested during 2016-17 by the Agents Indemnity Fund by the Commissioner for Consumer Affairs. These funds were invested across all common funds at a percentage allocation in accordance with the defined Standard Investment Strategies.

Collectively, but not individually significant transactions with government related entities

Quantitative information about transactions and balances between Public Trustee and other SA Government entities are disclosed at Note 7. In addition, management fee expenses paid to Public Trustee corporate for the reporting period were \$10.31 million.

Key management personnel

Key management personnel of Public Trustee Common Funds include the Attorney-General, Public Trustee Executive and the Manager Investment Services. The salary and other benefits the Attorney-General receives; the Minister's remuneration and allowances are set by the *Parliamentary Remuneration Act 1990* and the Remuneration Tribunal of SA respectively and are payable from the Consolidated Account (via the Department of Treasury and Finance) under section 6 the *Parliamentary Remuneration Act 1990*. The compensation of other key management personnel is paid from the Public Trustee corporate account.

Transactions with key management personnel

There were no material transactions or balances to disclose with key management personnel or other related parties.