



A fair and transparent fee structure for the NSW Trustee & Guardian

Independent Pricing and Regulatory Tribunal

Submission from Alzheimer's Australia NSW

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The Hon. John Watkins

Chief Executive Officer

Submitted online to:

www.ipart.nsw.gov.au/Home/Consumer_Information/Lodge_a_submission

People with dementia and their families are highly likely to be users of Trustee and Guardian services, particularly financial management services put in place through the Guardianship Division of NCAT. Therefore, Alzheimer's Australia NSW is concerned that the review highlights this function of the Trustee and Guardian incurs a deficit and there may be consideration given to higher user charges for this service. The direct and indirect costs of dementia are already considerable and any further imposition of costs to manage financial affairs of people with dementia could diminish the quality of life of people with dementia.

As a result of the high direct and indirect costs of dementia, many people with dementia will also engage the trustee services of Trustee and Guardian as an alternative to private lawyers or trustees. In 2012, Alzheimer's Australia NSW published a Discussion Paper titled *What prevents people with dementia making plans for their future?*. Price was not mentioned as a barrier by consumers in this research, with many other barriers identified at points prior to engaging the services of a legal professional. This cohort will be very price sensitive and Alzheimer's Australia NSW would be concerned about any increases in price acting as a further barrier to people putting in place legal instruments. A copy of this paper is available at:

<http://www.fightdementia.org.au/common/files/NSW/20120328-REP-DiscussionPaper4.pdf>

Alzheimer's Australia NSW is further concerned that the pattern of service use of the Trustee and Guardian presented in the Issues Paper shows an increase in clients receiving financial management as a result of court orders. There is likely to be a high correlation between these clients and the increasing percentage of applications heard by the Guardianship Division for people with dementia. People with dementia now comprise over 50 per cent of the Guardianship Division cases, with this steadily increasing in recent years and set to continue with the forecast increase in the number of people in NSW living with dementia. In NSW, there are almost 112,000 people living with dementia, which is expected to grow to 132,000 people by 2020.

In order to respond to the questions proposed by IPART, Alzheimer's Australia NSW conducted a survey of its members with a series of questions. To assist IPART with its review, the results are presented below. They may not directly address the questions proposed in the Issues Paper as they were highly technical and beyond the scope of consumers to respond to. It is hoped that the responses will contribute to forming a view of the Trustee and Guardian that is consistent with the terms of reference and scope of the review.

Of the survey respondents who had used Trustee and Guardian services for either financial management (50%) or trustee services (50%), just over half were satisfied with the level of service provided (56%). This correlates with the response to the subsequent question which asked if the standard of service is equal to a trustee company, solicitor or accountant with 56% saying it isn't.

In relation to the transparency of the Trustee and Guardian about its fees, 56% said they were provided with information about fees, and the results indicate that if they were provided with information then it was easily understood.

Survey respondents were split 50/50 over whether the fees for the level of service are too high or about right. No one responded that they are too low.

"The public trustee charges a percentage of the total of the estate where in most cases the predominant asset is the family home. This is highway robbery compared to the fees prescribed by the law society for solicitors etc"

"The Public Trustee charges a percentage of estate on probate much more than a solicitor will!"

Respondents to the survey were provided with an opportunity to give open comments about Trustee and Guardian, including those who had not used its services. Some of the responses from non-users are enlightening because they represent perceptions that exist within the NSW community of the Trustee and Guardian. As a service agency, perceptions can be as important, if not more important than the experiences of customers as they can act as a deterrence to uptake. A selection of quotes is provided below.

Appropriateness of fees

"I have not used these services but after speaking to a number of people who have I have grave concerns. I have heard that they appear to have excessive charges. Padded charges and in a recent example charged an overseas family for going through and clearing out a deceased persons home of personal items, and goods. When in fact it had been performed by friends. Also the trustee had not forwarded personal effects to the overseas family members. The billed charges were excessive for what was performed."

"On an estate of less than \$36,000 to be charged \$1,200 per month was an excessive charge for paying bills without checking the accuracy of said bills when family was doing same job without charge to estate."

Timeliness of action and responsiveness

"I have attended a number of meetings where wills, Powers of Attorney, Enduring Guardianship Advanced Care Directives and transition into Retirement Villages/Nursing Homes were discussed by presenters. The high cost and delays in action associated with estates managed by the NSW Public Trustee were stated to be a reason for not using their services."

"The fees are way over the top when you consider how poor the service is and how little actual 'management' of your finances takes place! It takes 3 times longer to answer any questions you might have and the stress involved in the process is ridiculous. Heaven help if you have a complaint because they answer to no one."

"They took 18 months to process a modest estate and charged the earth. We have warned off many and even had to pay to get our mother in laws probate out from them to get our family solicitor to handle her affairs after she passed away."

Praise for the Trustee and Guardian from a professional

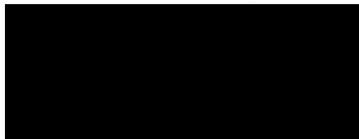
"I have recommended these services to clients whose relative no longer has the capacity to make decisions for themselves and do not have enduring guardianship or enduring power of attorney. I have always had positive outcomes and sound advice. This is a much needed service."

The results of our survey suggest that there is significant scope for service improvement, particularly timeliness of responses. Without improvement, it would appear difficult to justify any increases in pricing when the perception is that the service is of a lesser standard than available privately.

The responses may be characteristic of a generation that is not familiar with superannuation and its management fees for which a parallel with the Trustee and Guardian's financial management service could be drawn. The high cost of professional services may also be something that the respondents are not fully appraised of in relation to preparing wills and Powers of Attorney. Public awareness campaigns like the 'compare the pair' message promoted by industry super funds may help in influencing public opinion of the Trustee and Guardian as a reasonably priced alternative.

In conclusion, Alzheimer's Australia NSW would be very concerned about any changes which result in higher costs or trustee or financial management services performed by the Trustee and Guardian due to the high costs dementia imposes on people and families, the already significant barriers to planning ahead, the increased numbers of people with dementia likely to be referred for financial management through the Guardianship Division, and our members clear concerns about the standard of services from a timeliness and equivalency perspective.

Yours sincerely,



The Hon. John Watkins

CEO

Alzheimer's Australia NSW