

NSW Government submission

Independent Pricing and Regulatory Tribunal (IPART)'s Review of the Fee Structure for the NSW Trustee and Guardian

The NSW Government supports the review of the NSW Trustee and Guardian's (NSWTG) fee structure. This submission is in regard to the questions posed in the IPART issues paper: *A fair and transparent fee structure for the NSW Trustee and Guardian*, and incorporates input from the Department of Family and Community Services and NSW Health.

A user-pay approach will need to be considered against the equity implications

A critical role of the NSWTG is providing accessible and affordable financial management services and trustee services for protected persons (who do not have the capacity to manage their own finances). The application of a strictly user-pays approach should be balanced with the needs of most protected persons and their capacity to pay. IPART will need to consider the implications of any trade-offs made, balancing the objectives of equity, simplicity and cost reflective charges in any proposed charges.

The current fee arrangements may undermine the value in trust accounts

IPART should consider whether potential fee level structures may have unintended and perverse outcomes, particularly in relation to vulnerable and low-wealth clients who may have a diminished capacity to pay, or lack the capacity to manage their finances. In such situations, there should be consideration about whether the application of market rates for financial services is appropriate.

For example, children and young people in the care of the Minister for Family and Community Services are generally disadvantaged in terms of family background, financial resources, and their long term prospects against their peers in the general population. Funds held within trust for these people are often the result of government-funded compensation payments, such as victims of crime compensation. The recognition payments range between \$1,500 and \$15,000 and are kept in trust until the child turns 18 years.

As account keeping fees, tax return fees and investment planning fees are fixed across all NSWTG accounts, in some cases (where money is invested only for a short period of time) these may potentially wipe out any interest earned and reduce the principal sum invested. The intention to provide compensation is then potentially undermined by the intention to apply fees to trust accounts. There is the potential, in some circumstances, for the fees charged to erode the amount of compensation over time. This will depend on a number of factors, including whether the compensation includes an amount for financial management.

Further, children and young persons in care may receive more than one recognition payment from Victims Services. The current practice of creating a separate trust in relation to each award further disadvantages this group in terms of the NSWTAG's fee structure. That is, a child or a young person with several separate trusts incurs separate costs and fees for each, which are quite onerous and will quickly deplete the money in each trust, rather than having one overall trust account, which would minimise costs and fees.

The degree of market competition could be considered in setting trustee services fees

The NSWTG is a monopoly supplier of trustee services for many protected persons. For example, people who receive Tribunal Financial Management Orders (determined by the Mental Health Review Tribunal) have no choice but to go through the NSWTG for services.

However, NSWTC recognises the needs and circumstances of certain classes of clients and has in place special procedures, including reduced or waived fees.

IPART should consider potential learnings from the NDIA

The National Disability Insurance Agency (NDIA) sets prices in accordance with the prices for equivalent supports in local markets. These prices have been developed for the National Disability Insurance Scheme (NDIS) trial, and the NDIA and NSW are currently looking at whether these prices accurately reflect the market.

IPART may wish to consider the learnings from this trial in its review of the NSWTC fee structure.

IPART could consider the quality of the service NSWTC provides in future reviews

The Government is committed to increasing customer satisfaction with the services it provides. In the future, IPART could consider whether the satisfaction of clients is monitored and measured to demonstrate value for money. For example, one way to gauge client satisfaction for children and young people in care, and keep them informed of progress and the ongoing costs of servicing their account, is through a nominated caseworker.