

LEGISLATIVE COUNCIL

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE B

Tuesday 6 December 2011

MEMBERS

Mr Dean
Mr Farrell
Mr Finch
Mr Gaffney
Mr Mulder
Ms Rattray (Chair)
Mrs Taylor

IN ATTENDANCE

Mr Wightman, Attorney-General

Ministerial Office

Mr Simon Gates

The Public Trust Office

Mr Duncan Hall, General Manager, Corporate Services
Ms Ann Cunningham, Chairperson, Board of the Public Trustee
Mr Peter Maloney, CEO, Public Trustee
Ms Gaylene Cunningham, Manager, Client Services
Mr Scott Parnham, Manager Financial Operations
Mr Tim Levis, Corporate Solicitor

The committee met at 9 a.m.

CHAIR (Ms Rattray) - I welcome the minister and his team to the table, particularly members of the Public Trustee. Thank you very much for coming today. Minister, we are going to invite you to give a brief overview and the committee would appreciate it if it is confined to about five minutes, given that we do not have a long time for scrutiny.

Mr WIGHTMAN - The Public Trustee has been in existence for more than 150 years and is currently in its sixteenth year of operation as a government business enterprise. The main undertakings of the Public Trustee are to offer deceased estate and trust administration to the Tasmanian community, in particular the preparation of wills and enduring powers of attorney; acting as an executor or administrator of deceased estates; acting as an attorney for people requiring assistance to manage their financial affairs; acting as a trustee for various types of trusts, including accident compensation awards; and assisting people to manage their financial affairs when the Public Trustee is appointed as a financial administrator by the Guardianship and Administration Board. In addition, the Public Trustee acts as a fund manager for the funds under its control in order to provide a commercial rate of return to contributors.

The Public Trustee operates from three main offices: Hobart, Launceston and Burnie. In addition, an office is maintained in Devonport, which is staffed on a part-time basis by staff from the Burnie office. There are approximately 52 FTEs in the organisation. The Public Trustee operates in a competitive environment and is required to operate along commercial lines. A significant proportion of the matters under administration by the Public Trustee are regarded as non-commercial - that is, the revenue from that source does not provide a commercial return in the provision of those services. These services have been traditionally provided by the Public Trustee in view of the fact that there is no other organisation providing those services. Approximately 48 per cent of the matters under administration by the Public Trustee are non-commercial matters. These are referred to as community service obligations. As a result of the Public Trustee providing these CSOs, the Government provides funding to the Public Trustee to meet the cost of providing them. Apart from the CSO funding, the Public Trustee meets all its other costs from the revenue it generates from the provision of its services. In the financial year 2010-11 it achieved a net operating profit after tax of \$499 087.

As part of its commitment to the community, the Public Trustee has an extensive community education program whereby it provides seminars right around the State to provide information to the community about the need for proper estate planning. In order to provide a service to various regions in Tasmania, the Public Trustee has introduced a visitation program where it visits regions to provide the community with the opportunity to meet with staff and have their wills prepared on the day.

The Public Trustee is overseen by a board comprising six directors, including the CEO. The chairperson of the board is Ms Ann Cunningham and the CEO is Mr Peter Maloney. The directors are selected for their complementary skills and their ability to add value to the board. The board meets monthly. It is supported by an audit committee, investment committee and a marketing committee. The audit committee meets quarterly and its responsibilities are to oversee the internal and external audit functions of the organisation. In particular, it is responsible for monitoring corporate risk, assessment processes and controls, and monitoring the establishment of and ongoing compliance with an appropriate internal control framework over key business and financial reporting processes. The investment committee meets bi-monthly and is responsible for the oversight of the Public Trustee's investment review processes to ensure that appropriate investment decisions are made for its clients and that the Public Trustee complies with its legislative obligations under the Trustee Act. The marketing committee meets quarterly and is

responsible for providing advice and recommendations to the board on marketing strategies and promotional activities. All directors have completed the Australian Institute of Company Directors course. In order to enhance corporate governance, the board has developed a code of conduct for directors and a governance charter for the board. The community can be assured that the Public Trustee has the appropriate governance structures in place to ensure that it remains commercially successful, whilst continuing to meet its community service obligations.

CHAIR - Thank you, Minister. That is almost verbatim from last year, except for the fact that the Marketing Committee meets quarterly now and not monthly but we appreciate that, for those members who have not been at the committee process before.

Mr FINCH - I am not an accountant but I am looking at the past few net profit figures. They seem to be all over the place: in 2007-08 it was \$910 000; then in 2009-10 it was \$690 000, which seems an aberration; then in the past financial year it was \$740 000. What has been going on here? I am wondering if that is a downward trend.

Mr MALONEY - We used to own 116 Murray Street and those increased profits that you are talking about were the result of increased valuations on our property. We built the property many years ago and it dropped significantly and as the value dropped we took it through the balance sheet - and Duncan can talk about this a bit more - and as the profits of the building increased in value during those years, that money came into our profit for the year and there were significant upward revaluations. We sold the building in 2009 so we no longer have that and we sold it at a time when we thought it was at its peak and we did not want to be in property so we sold it. The last time we looked at it, which was the profit for 2010, we invested the money in what we call our No. 2 Fund and, as you know, the GFC hit and we took a big drop in value. I think we have some figures there and we can talk to you about those and that was the reason that we took a loss last year. This year the exact opposite happened up to the end of June; there was a big revaluation plus we got a significant distribution from those funds - in excess of \$1 million - and that is why there has been a big turnaround. Duncan, have you anything you would like to add on that?

Mr HALL - One of the major factors, too, that influences our profitability is our commissions and those commissions are largely taken on the major asset from an estate which is the real estate or the houses and the market over the last two or three years has been going down fairly dramatically and so what we find there is that is out of our control and that is the major asset we take our commissions on. With other things there, our effort and our wages keep increasing but with the major commission, which is out of real estate, if the market drops it is not something we can control and therefore it hits our bottom line.

Mr FINCH - Minister, there was a downward trend in profit and there seems to be a downward trend in dividends, which I suppose is understandable. However, there does not seem to be a dividend figure for the past financial year. Is there an explanation there?

Mr MALONEY - The reason for that is that we made a loss in the 2010 year and you pay your dividends for that year and the next year. For example, when we made the loss in 2010 we made a big dividend in that dividend payment year for the previous year's profit but this current year we will pay a dividend based on the profit we made for the last financial year; so you pay it in the year after.

Ms ANN CUNNINGHAM - If I could just add there, too, that is the bottom line after the revaluation on our corporate assets is taken into account and our actual operating profit has been above the line, as you will see, so whilst we had a net loss, our operating profit for 2010 was \$427 000. So once that corporate asset was taken into account, that resulted in the loss and that is the figure upon which the dividend was paid.

Mr MALONEY - In future years the Government has agreed that the dividend will be based on above-the-line-profit and not what happens in relation to the assets and valuations below the line; so that is a change.

Mr FINCH - A bit like a duck swimming on water - is that the way it works?

Mr MALONEY - I think it is the most sensible. You can imagine at \$900 000 profit, it was about \$1.2 million before tax but most of that was from revaluing the building. It is not a cash item, it is a balance sheet item, and we paid a great big dividend that year, as you can imagine - 50 per cent of that.

Ms ANN CUNNINGHAM - Which comes out of our cash.

Mr MALONEY - It comes out of the cash, it does not come from our operations. So this is a much better way of doing things.

Mr FINCH - Regarding the Murray Street building being sold, were you accommodated there?

Mr MALONEY - Yes, we still are.

Mr FINCH - So it seems accommodation costs have increased?

Mr MALONEY - Yes.

Mr FINCH - In 2010, \$327 000; this year there was an increase of 17 per cent to \$435 000. Can you explain that increase, please?

Mr HALL - In 2009 they were \$253 000, and you are right, \$371 000 and \$434 000 in 2011. We sold the building in September 2009 so for the accommodation expenses in the 2009 year to 30 June, we only took up two floors of the four floors at 116 Murray Street, so we were receiving rental from the other two floors and that accommodation expense is that netted-off figure. In 2010 it was a partial year, some rental and some expenses. Going forward, we will now be paying rental for our two floors and so that rent will now reflect a commercial rent for our premises of that \$434 000. But offsetting that would be the money - which is the \$4.5 million we got for the building - that money is now in our corporate funds and that is earning money, and that money is in there as capital increases as well as a dividend increase. So they are not quite comparable figures because one was an owned building, with netted-off rent, and the other one is a straight-out rent for our two floors.

Mr FINCH - And the intention is to stay in Murray Street?

Mr MALONEY - We took a five plus five-year lease in September 2009 so that goes up to 2014 and we do not have any plans at this stage.

Mr FINCH - Thank you.

CHAIR - In hindsight - I know that is always a wonderful thing - do you believe that selling the building was the right thing to do, Minister?

Mr WIGHTMAN - I am happy for Peter or Ann to answer that.

Ms ANN CUNNINGHAM - There is a number of reasons that we decided to sell the building. We had been looking at it over previous years and gradually the Public Trustee had decided to divest itself of its property assets. It is not our core business. We decided that it was not appropriate for the Public Trustee to continue to be involved in property. We felt, at the time, that it had maximised its value - its value had been increasing over the previous few years - it is not a new building. We were starting to have to expend quite considerable sums on air-conditioning, for instance. We saw that there were other developments occurring in the Hobart area - A grade businesses - we thought once they were completed that it was unlikely that there would be any further increase in the value of our building so, with all those factors in mind, we thought we would assess the market and we felt we got a reasonable figure for it.

At the time we invested it, we looked at our returns and we thought that was going to be good but the GFC hit and I think everybody has suffered the consequences of that but we hope it is not too long-term. Yes, I think in hindsight we consider that we did the right thing at the time.

Mr MALONEY - The other issues were that it was taking up a lot of our time, as a business-owner, managing them. It was taking up his time and my time and dealing with tenant issues -

CHAIR - It got too hard.

[9.15 a.m.]

Mr MALONEY - It was wasting our time doing that, even though we had a rental manager - the lease was through Knight Frank, I think - and the other thing was we had about \$10 million in reserves, in corporate cash. Fifty per cent was in commercial property in Hobart and the other 50 per cent was in cash. I think anyone will tell you that that is not an appropriate way to invest your funds. The other thing that you have to remember is most of that cash is held by way of provisions against our future RBF defined-benefit scheme liabilities so we decided to get a proper investment strategy. We did, we used external consultants and they said in light of future wage increases and all those things that might happen into the future, people living longer, you need to have a better strategy to match that long tail. This is a long-term strategy. Despite the fact that we lost some money in the GFC, the reality is those funds are going to be there long after I am dead. That is the fact and this is 40 to 50 years down the track. So I think, in 40 or 50 years down the track, if the Public Trustee is there, it still will be there. The board of the time might say they will not know who the hell we were but they might say, 'Gee that was a good strategy to deal with that' - but we will not be around. I certainly will not be around.

CHAIR - I do not think I will be here to assess that either.

Mr WIGHTMAN - I hope I am.

Mr MULDER - Well then, Minister, I am sure you will be able to answer some of my questions yourself because I am looking at some of the consultancies that you have engaged during the year and I know that the Cabinet is very keen to manage consultancies. On page 8 of the annual report, it looks as if we had a review into a review and then a consultancy. It says that a review was carried out by the Public Trustee which led to the establishment of a business improvement steering committee which then introduced a business change management framework which, it appears, led to an external organisation eventually being engaged to review the efficiencies. Can you explain?

Mr MALONEY - Perhaps I can explain that.

Mr MULDER - I thought the minister might. He is right on top of these consultancies.

Mr WIGHTMAN - I will make a couple of points about consultancies and then, for the technical component of it, I am happy to allow Peter to answer that.

But we, as Cabinet and Government, attempted all the time to streamline our processes, particularly around consultancies. Consultancies are used in government or in any business to make sure that you are profitable and that you are efficient in the work that you do. So it is certainly not uncommon for consultancies to be used right across government agencies to make sure that we are getting the best bang for our buck. As a government, you continue to do that because you know, particularly in the difficult economic times that we are facing at the moment, that we must get the best efficiency from the money that we spend, the investments that we make and from the people employed within government agencies. So it is not uncommon to have those types of strategies right across government and certainly the Public Trustee is an area that is looking to get best bang for its buck, and I will ask Peter to be more specific about what they have done.

Mr MALONEY - One of the things we do is a risk management plan every year. So we go through and identify what are the risks to the organisation and that the high-level risks go to the Audit Committee and the Audit Committee decided that there are four high-level risks that it wanted to have a special audit done on. The first one was: did the Public Trustee have in place the appropriate procedures and structures to make sure we identified things that needed to be done, innovation and all those issues, efficiencies, productivities and did we have the correct structures? Not reviewing what we do but do we have the best structures in place to make sure we capture those things and implement them? That was a risk that the board identified and we had an audit. So this was in fact an audit of those processes and an external consultant was used for that, for obvious reasons with an audit issue. They came up with a whole host of recommendations. One of those recommendations is that you need to review all your processes and I thought, that is going to cost and that is bigger than Ben Hur.

Mr MULDER - So the consultant recommended a review?

Mr MALONEY - They recommended you need to review these things. There were five or six recommendations and that was one of them. We do not have those skills; they are not the skills that we have in a small organisation.

We then went through about five and we identified what are the critical issues. So we went through and spent some time by ourselves identifying with the staff what are the big issues. Then we engaged an external consultant who is an expert in mapping and process analysis and all those

things and that was the second one. The first one did not cost much at all. But the second one was a major process and it took some months and they have come up with some recommendations and we are now in the process of doing them.

In terms of consultancies, our biggest consultancy is our internal audit function, which is all outsourced. We do not do that in-house. We look at consultancies as two things. Firstly, do we have the skills onboard? We are a small organisation and in a lot of these things we do not have the skills. Rather than getting someone in and putting them on staff, which is a very expensive exercise, it is much quicker and cheaper to use a consultant. That is how we look at it.

Mr MULDER - What did that second one cost?

Mr MALONEY - It was around \$30 000, including GST, wasn't it, the Deloitte one?

Mr HALL - It was less than that, but I am not sure.

CHAIR - Less than \$30 000, more than \$20 000?

Mr MALONEY - It was more than \$20 000. We could find out for you. We get GST back, so it was inclusive of GST. I thought it was around \$30 000, but I cannot remember.

CHAIR - Someone might be able to find it before we finish.

Mr MULDER - Whilst we are on the subject, on page 6 of your annual report there is reference to the appointment of an external consultant to conduct a strategic review of investment strategies and objectives. So that is not core business, you do not have the expertise to do that?

Mr WIGHTMAN - Obviously the trust manages investment funds on behalf of its clients. The first is a cash fund, short-term we could call that, then a medium-term investment fund and a long-term investment fund that looks at markets nationally and internationally as well. Reviewing them to make sure that they are hedging or are as profitable as they possibly can be certainly is core business of the trustee as a funds manager.

Mr MALONEY - In terms of our funds, it is a large part of our business. There is approximately \$140 million invested, \$55 million of that is cash and the other part is in our group investment funds. We have a process to manage risk. The board adopted a process whereby every five years we use an external consultant to provide us with advice as to whether our strategies, objectives, asset allocations and management style are still appropriate. We engaged PWC - you do not do these things in-house, you have to do them externally - and they spent considerable time. They know the markets and found that, apart from a few things that we changed, our strategies, objectives, asset allocation and use of an index manager as distinct from an active manager, was still an appropriate way to go. There was a couple of changes to our life tenancy policy, investment strategies and maturing trust investment strategies. We are now in the process of using a custodian, which was something new. They also recommended we change our hedging strategies, so we have gone from 100 per cent hedged in the Australian dollar to 50:50. They are the things you use external consultants for, and it is appropriate. Under the Trustee Act we have special high-level fiduciary duties to our clients. There are two ways you do that: one is the investment decisions you make on an individual basis and the other is the strategic overview of how you make those investments for your clients on a strategic level. They are the sorts of

things that we have to use an external consultant for and it would be inappropriate to do it any other way.

Mr MULDER - I am interested in the cost of these. How many other consultants have you engaged in the last financial year? You may want to take this on notice. What work has been undertaken and at what cost to this particular agency?

Mr WIGHTMAN - Would you like an answer on that, Tony? We are happy to answer you on that.

Mr MULDER - I am happy for you to table a response, if you do not have it at your fingertips.

Mr MALONEY - We can do that.

Mr MULDER - The marketing campaign that you conducted, and I must say some of your stakeholders caused some concern amongst those because they see it as a competitive market - I would like a breakdown of the respective costs for each component of what you bought and what measures of success of that marketing campaign you have had within your business.

Mr WIGHTMAN - It is a competitive market and we know that. We know that the Public Trustee has a role within that competitive market.

Mr MULDER - That is not a view shared by some of the competitors.

Mr WIGHTMAN - I understand that and that is why I make the point that 48 per cent of the work is community service obligations, so almost half the work that is done is for the community, for people who need the support of a public trustee. The other part, the revenue-generating side of the business is within a competitive market and we are upfront about that. I understand your point that you make earlier but it is important that the Public Trustee does remain competitive and is able to create a revenue stream to support those people in particular who cannot afford or cannot pay for a public trustee.

Mr MALONEY - The first thing that I would say about this is that the Parliament, of which you are a member, requires us to be a commercial enterprise. We are required to act commercially, pay tax, pay dividends, make a profit - all those sorts of things. We do not make a profit from our CSO business, we make a profit from the commercial side of our business and most of that is in the deceased estate administration business. In order to maintain our market share and increase it to make us profitable and pay the taxes that we are required to pay and employ the staff and not be too big a drain on the Government, we have decided to introduce a marketing campaign to increase our brand awareness, front of mind sort of thing, so that when people think of wills they think of the Public Trustee.

It is what they call front of mind rather than being prompted. We are talking about unprompted brand awareness and that is the advertising that you are seeing on TV. To measure that, we do a survey every year. We pay for those things although it comes in the marketing budget, we engage someone to carry out surveys of people using market research to try to gauge whether there has been any impact. We keep data and we do them every year and we have seen in this last survey a significant increase in unprompted brand awareness.

These are long-term strategies, they are not going to change things overnight. These things have to be continually at the forefront. This is not like going and buying bananas, pears or apples where you are constantly doing those things on a daily basis. People do not think about wills on a daily basis, they think about them once every 10 years maybe or five years or when they have a grandchild or a son or a daughter buy a house or whatever it might be - changes in lifestyle. When that happens and they think about wills we want them to think, oh, Public Trustee does that. That is what the marketing strategy is all about and that is how we measure it.

Ms ANN CUNNINGHAM - It is hard to measure the effectiveness. If we get more wills written we will not know until much further down the track how successful that campaign has been.

CHAIR - Before we go on to Mrs Taylor who wants to talk about some specific client-based issues, I want to take you, Minister, to the vision and the vision is to be the first-choice provider of trustee services in Tasmania, that is following on from what you said then. Explain to me how that can be when you cannot offer the range of services, particularly in the investment area. How can you meet that vision?

Mr WIGHTMAN - Thank you, Chair. Peter?

Mr MALONEY - Those sorts of issues, fund management, are not our core business. We are not in that business.

CHAIR - So really you can never meet this vision?

Mr MALONEY - I do not regard fund management as trustee services. We invest money for clients because of our role as a trustee. So we make those decisions because the money has been given to us to make those decisions for people because they are under 18 or they are maturing trusts, or they do not have the capacity or they are large damages awards - and we get many millions of dollars in large damages awards - so we are not out there, we do not want to compete with other fund managers. There are millions of them out there with so many products; we are not in that game. To get into that game we would have to spend mega, mega bucks to get compliant with the Corporations Law and the financial services legislation. That does not affect us. Fund management is a very separate thing from trustee services. What we are talking about there is more about deceased estates.

CHAIR - That probably should read 'provider-specific trustee services'.

Mr MALONEY - We do not regard fund management as trustee services. Public offerings is not a trustee service role, that is investment advice, fund management - you bring your money in and we will invest it for you. We do not offer public funds. We are never going to.

[9.30 a.m.]

Ms ANN CUNNINGHAM - When we are appointed as trustee then we do our best to give these people the best return on their money.

CHAIR - It worried me when you cannot actually offer all the services that are really required that you can really hang your hat on a vision as such, but you have your view and I have mine.

Mr MALONEY - I can say to you - and Tas Perpetual would acknowledge this - yes, they are in the trustee business but they are really a fund manager and that is where they make their money. They do not see us as a competitor by the way. I am invited to their annual dinner every year.

CHAIR - I am invited to a lot of things and I am sure they do not want me, I can assure you.

Mr MALONEY - But they do not see us as a competitor.

CHAIR - I know it is difficult as we have a very large contingent on this committee and I am mindful that everyone needs to get a question so I am going to invite Mrs Taylor to provide a line of questioning because I do have to come back to Mr Finch and Mr Dean as well.

Mrs TAYLOR - Thank you, I will try to keep it short, then. I am not looking at it, Minister, from the point of view of finance. My attack is the other way, although I did wonder what you actually mean by - and I am not sure that you explained it to the Chair - your 'vision', in saying that you are the first choice provider of trustee services, but however we have had that question.

CHAIR - We might differ on that in our opinions.

Mrs TAYLOR - Yes. I want to go back to what your main undertakings are, your background stuff, and you talk about various things but one of the things that you talk about is acting as an attorney for people requiring assistance to manage their financial affairs, and assisting people to manage their financial affairs when the Public Trustee is appointed as a financial administrator. So I want to look at it from the person point of view and it is probably too long a response to ask how you actually deal with a person when you first get them. Do you have sufficient legal people on board, for instance, to give legal advice in a timely manner to those people?

Mr MALONEY - Yes, we do.

Mrs TAYLOR - We have had some complaints and I personally have had some dealings also with some people who were saying that they do not know what is happening to their money; they do not understand and they do not get enough money - all of those. I understand that we are talking here about CSO clients and I am talking about CSO clients and I know very often they have difficulties - they are people with mental or physical disabilities of some kind, so they may not be being correct or their understanding may not be right but I am hearing that there are cases where people believe they are not being told frequently how much money they have; they cannot get access to their money; they do not feel as if they are being consulted about what happens to their money -

CHAIR - We need a question.

Mrs TAYLOR - That is the question.

Mr WIGHTMAN - This is specifically about dealing with clients, and I will ask the people who deal with those clients each day to answer the question.

Mr MALONEY - I have my Manager, Client Services, here and I will get her to come up and talk to you as she probably knows more about it than I do.

CHAIR - If she would like to take a seat at the table and if you would identify who that is.

Mrs TAYLOR - That is the question: how well are you fulfilling those undertakings that you clearly have here?

Mr MALONEY - This is Gaylene Cunningham and she is the Manager, Client Services. I will say one thing: these are difficult questions. What you have to understand is that we have been appointed - these people do not go along and say, 'Can you please appoint the Public Trustee to manage my finances' -

Mrs TAYLOR - We understand all that.

Mr MALONEY - so immediately we have to say, 'Sorry, we manage a budget and no, you can't have that'. For the first time in their lives, they have someone who is saying, 'No, you haven't got the budget to spend on that' and we have to manage their budget and make sure that they can live in rental accommodation and all those sorts of things. These are difficult issues but Gaylene -

Mrs TAYLOR - We understand that but could you explain what sort of information they are given.

Ms GAYLENE CUNNINGHAM - Each Guardianship and Administration Board client is allocated their own individual client account manager so that person at the Public Trustee works with that individual together with the other people in their life - that might be family; it could be a carer; it could be the support organisation that they are living with - to come up with a budget that suits their needs. As Peter said, often these people do not want the Public Trustee to be involved; often they have a drug or alcohol problem so when they are ringing up to ask for money, often the answer is no because in fact we think that then they may be going out to buy those things that we know are not good for them. We collect their pension; we set up a budget for them; we look at reducing any debt that they may have. We pay their regular, outgoing bills. We do pension reviews for them. We prepare and lodge tax returns if we need to and invest funds if we need to.

Mrs TAYLOR - My question is not, 'Do you handle their money well?' That is not the issue. The issue is about the things that I am hearing from some of them, and that is that they do not feel as if they have any say. You say each client has a manager. What access do they have to that manager and what time can you afford to spend with them because, obviously they are not financially good clients for you? How do you deal with the respect thing because that is the issue for me?

Ms GAYLENE CUNNINGHAM - As much time as they need. We meet with them initially and then generally we often have some people who ring daily. So the communication is what the client needs.

CHAIR - So there are no letters ever sent, saying, 'Do not contact us'?

Mr MALONEY - We send letters.

CHAIR - There has been evidence given to the committee that they get letters saying, 'Don't contact us.'

Mr MALONEY - We have probably 40 or 50 people to whom we say, 'You cannot come on the property.' We have a security guard there because we have incidents and that is unfortunate.

CHAIR - Wouldn't a mediator be better than a security guard?

Mr MALONEY - No, we have had people pulling knives at the front.

Ms ANN CUNNINGHAM - What do you mean by contact, though? There are various ways of contact. These are about actual face-to-face contact issues we are talking about.

Mr MALONEY - There are some people to whom we say, 'You have to come in with your case worker'. These people can be very violent and we have a security guard to protect our staff. We have had incidents and so we have just upped our security infrastructure.

CHAIR - Hence the question. What about a social worker? What about someone who can deal with them rather than put them back out the door?

Mr MALONEY - A lot of these people do have case workers and we deal through an advocate and case managers and we prefer to do that. But, unfortunately, sometimes you just cannot have people coming on the premises when they are going to get violent.

Ms GAYLENE CUNNINGHAM - But there is always a line of communication to sort it out so that we can deal with the client. It can be by phone, by letter, face-to-face, or we do it through a person.

CHAIR - Is there a policy for client respect?

Mr WIGHTMAN - Can I make a couple of broad points about this? You have obviously heard detailed that it can be a very difficult situation in which to work.

Mrs TAYLOR - They come into our offices as well.

Mr MULDER - Some of us have life experience too.

Mr WIGHTMAN - I am not sure what that is meant to mean. I do as well.

CHAIR - Order.

Mr WIGHTMAN - You have difficult situations to deal with. They will obviously, as well as receiving support from the Public Trustee, as we have heard, receive support from case workers who would come along with those people to support them. They may be provided by DHHS or other agencies outside of the Public Trustee. The core work of the Public Trustee is to provide them with that service to manage their funds. The work of DHHS and the others is providing support to help them get to their appointments, and helping them through that is also a very important component because you cannot just say to the Public Trustee, 'Just deal with the person and then you have to have a social worker and a counsellor and everyone working for the Public Trustee'. Their core work is to support the people's financial needs. They will come with another range of support, which is a holistic support of the person. So they come with those. As for

saying that you would be better off with a counsellor than a security guard - the security guard is there for those -

CHAIR - Has it been looked at? I guess that is the question.

Mr WIGHTMAN - No, I was just making the point. The security guard is there to protect the staff to make sure the staff can have safe working conditions, particularly for occupational health and safety reasons. Obviously, the other support, such as counsellors, does not come from the Public Trustee; it comes from other agencies external to the Public Trustee, allowing the Public Trustee to focus on their core business and then the expectation within the community is that you deal with a person holistically which is the DHHS support in particular, to give that package.

But questioning whether a security guard is better than a counsellor is, to me, flawed, because of the fact that the security guard there is for the staff around occupational health and safety matters and we are dealing with clients within the Public Trustee about managing their funds and they, too, obviously - people with CSOs who do not choose to come to the Public Trustee - have additional support needs that are provided by other agencies of government.

Mr MALONEY - Can I say one thing? You will see in the annual report that one of our values is respect. In the last two years we have gone through a cultural change program and we used a consultant to help us do that. One of the ideas the staff generated was to develop some behaviours around what we mean by those three values: service, respect and integrity. In terms of respect, that means respect for each other and respect for our clients. The staff has developed some behaviours around that so we all understand that by respect these are the behaviours we expect to see. It relates to the client. One of the big ones is 'treat your clients as you would treat yourself'. I think that is pretty obvious. How would you like to be treated? We have now put that in our performance management system so they are measured against that.

Mrs TAYLOR - That addresses exactly what I am talking about.

Mr MALONEY - I totally agree with you.

Mr WIGHTMAN - I think it is a very good question and a very good line of questioning - a very good social justice line of questioning in particular. These are a difficult situations, so are you always going to get it right? No, you are not. There are going to be complaints because there are times when other people would not understand and have occasions when they feel they have not received a level of support but I have utmost faith that the Public Trustee does its absolute best to deal with these situations.

Mr DEAN - I want to follow up on a couple of issues on security. How many violent incidents have you had in the last 12 months? Is it increasing or decreasing?

Mr MALONEY - Just the other day I was walking out and heard this screaming and yelling of abuse -

Mr DEAN - Sorry, the question was how many incidents?

Mr MALONEY - Are you talking about serious incidents?

Mr DEAN - I am talking about incidents where you have required a security officer because I want to look at the cost of employing security as against the incidents.

Mr MALONEY - The security guard is there all the time and it is part of our CSO funding from the Government. We do not bring in a security guard, they are there full-time at the front of the office.

Mr DEAN - I understand that you have employed security at the office. How many incidents have you had?

Mr MALONEY - The issue is not, 'We don't need anyone because there haven't been any incidents'; the reality is we have had two very serious incidents where someone came in and pulled a knife on the security guard. That person has subsequently been charged with murder but he was found not guilty.

Mrs TAYLOR - Not the security guard, we hope?

Mr MALONEY - No, it was not. We rang the police but they did not come. It was a disgrace.

Mr DEAN - What did you do about that?

Mr MALONEY - We rang the police and they kept saying, 'It's the next shift'. We had to go through a different set of police every time. We got Duncan in to tell them and we got them in; he just drove his van -

Mr DEAN - What is the cost of employing the security guard?

Mr WIGHTMAN - It is \$63 988 in 2011, \$64 873 in 2009, and \$65 671 in 2010. The budget is \$72 000 in 2012, which comes out of the CSO funding supplied by the State Government.

Mr DEAN - You will table the report on the incidents?

Mr MALONEY - We will have a look at that.

Mr DEAN - My next question relates to the number of notices that are sent out to clients. We have spoken to stakeholders and one of them has told us that the Public Trustee's relationship with clients is ordinary. Part of that information provided to us is that a number of letters are sent out to your clients telling them that they are not wanted in the office and that they need to go through their case officer. How often does that apply and how many letters have you written?

Mr WIGHTMAN - Can I make a point there? The Public Trustee conducts client surveys.

Mr MALONEY - We do not survey those clients.

[9.45 a.m.]

Ms GAYLENE CUNNINGHAM - We have approximately 700 Guardianship and Administration Board clients around the State that we manage. It is an estimate, but I would imagine that there is about a dozen that have in fact had a letter.

Mr DEAN - About 12 have had a letter written to them?

Ms GAYLENE MALONEY - Yes. But we do have that information that we can provide.

Mr DEAN - Once again, you might be able to table that information for the committee. What surveys have you done and who have you surveyed to determine the services you are providing, the acceptance of your services and the reaction to them?

Mr WIGHTMAN - I am happy to provide some figures and then we can get a little bit detailed about who is being surveyed.

Mr DEAN - Minister, whatever you are comfortable with.

Mr WIGHTMAN - Thank you very much, Mr Dean. The Public Trustee continues to perform well in terms of client satisfaction. You would be pleased to note, Mr Dean, that 86 per cent of those who responded to customer surveys stated that their experience in dealing with the Public Trustee either met or exceeded their expectation. This figure actually surpassed the trustee's own target of 85 per cent so that was an outstanding result.

For its wills clients, the trustee has achieved an exceptional result. Of those who responded to 'client satisfaction', 100 per cent stated that their experience with the trustee met or exceeded their expectations.

So I will make the point again that 86 per cent stated their experience in dealing the Public Trustee met or exceeded their expectations, and when discussing or talking about wills clients, the trustee reached 100 per cent who felt it met or exceeded their expectation. So I think you would agree, that is an excellent result.

Now on the specifics of who was surveyed, Peter?

Mr MALONEY - Those surveys relate to our estate clients. We do not survey the clients who you are talking about.

Mr DEAN - They are the ones I am interested in.

Mr MALONEY - And that is a very difficult survey to run. For starters, you have a number of people who have dementia - we have a lot of people with dementia and you cannot survey them - we have a lot of people out there in the community without -

Mr DEAN - Sorry, can I cut in? What about the people who support those people with dementia, are they surveyed?

Mr MALONEY - Yes, but they are not the clients.

Mr DEAN - But wouldn't it be worth talking to those people?

Mr MALONEY - We do. We go out regularly to the nursing homes et cetera. We do regularly visit the nursing homes and have meetings with them. I meet with the CEOs

occasionally so we go out on a regular visit and we have a regular visit program where we do go into the homes. We have to visit them at least once a year, so we do, do that.

CHAIR - I am going to be watching this clock the whole day.

Mr WIGHTMAN - You are.

CHAIR - I am. That is the only downside to this role, the clock-watching.

Ms ANN CUNNINGHAM - We do have a complaints handling process as well with the Public Trustee. We receive complaints from people from time to time and we address those. There have been a few that have been referred to the Ombudsman and we participate in that so we are aware of the sorts of issues and they are addressed.

Mr WIGHTMAN - If I can just make a point, there is a complaints process in place, we do survey groups within the Public Trustee but obviously the point has been made as well that surveying some people with CSOs is a difficult process as well.

CHAIR - So there is a policy in place.

Mr WIGHTMAN - Yes.

Mr MALONEY - The complaints handling process has to be dealt with. We have a process that Gaylene can talk about because a lot of them come from her area, obviously. The process is that they have to be acknowledged, they are investigated and they are responded to.

Mrs TAYLOR - Internally?

Mr MALONEY - Yes, internally.

Mr WIGHTMAN - And the Ombudsman.

Mr MALONEY - Letters will be sent out to the client or that person making the complaint and responding to it because we have to do that. I sometimes see them and if they come to me, I deal with the matter. So I oversee all that. If we get Ombudsman complaints, I deal with those. But we do have a formal process and then we register it, we keep a record of it and then we work out whether they substantiated or unsubstantiated, what it is about, is it high, medium or low what the issues are. So we monitor it, who it is about, so we have all that information which enables us to assist us in our performance management system.

Mrs TAYLOR - So is there some non-identifying data that you could give us as to how many complaints and the degree of severity of them?

Mr MALONEY - Yes, we do.

Mrs TAYLOR - Can we have a look at that?

Mr MALONEY - Yes, sure you can.

Ms ANN CUNNINGHAM - Any serious matters are referred to the board and, initially, through me and we are able to discuss those as well. We really have not had anything significant of late.

Mr FINCH - I want to get some sense here in respect of the pressures that might be on the Public Trustee or whether the future looks as bright as you would like it to be. You say that 48 per cent of your work is with CSOs and you have seen a diminution in the allocation - \$800 000 - for the work which you need to do. How does that affect the way you work and how will it affect the dividend to the Government?

Mr WIGHTMAN - Thank you, Mr Finch, for your question. I will make a couple of broad comments about funding and then I will ask for more specific answers to your questions. The Public Trustee receives \$1.31 million to deal with or provide service to the community service obligations - CSOs. I think that I would be right in saying that there is an increase in CSOs.

Mr MALONEY - There is a big increase in RPs - represented persons - huge.

Mr WIGHTMAN - Particularly from GAB - the Guardianship and Administration Board. As we have said and you have made mention, there will be a shortfall of \$800 000. It is unfortunately due to the budgetary position at the moment, and I am being quite open about that and I expect to be working on addressing that budgetary shortfall in the near future.

Mr FINCH - In the meantime, how do the Public Trustee and the people who have to manage that feel about it?

Mr MALONEY - We have done a number of things both from a staffing point of view and from a productivity and back-office point of view. There is no doubt, and you can see it in our annual report, since I started in 2003 there has been an increase of in excess of 100 per cent of this number of clients. They have gone from 268 to 610. That is a lot. And it will continue to increase as the Tasmanian population ages and as we live longer. This will not stop suddenly at that level, it will continue to rise. The service that we provide to these clients is a personal one, you cannot get around it. You cannot do it by computer, you cannot do it on a jazzy phone that you ring in; this is a personal contact and you cannot avoid that. Inevitably you will have to have additional resources. In the last two years we have put on three extra people, mostly in our Hobart branch, to deal with this increasing pressure. There is no doubt that there will be increasing requirements to do that as the numbers increase.

We have also set up a special personal services team in Hobart to get some efficiencies. What we used to have is every person used to have a bit of an estate, a bit of a trust and these people as well. If you are trying to do the commercial side of your business and deceased estate and you have this other thing going on over here taking up a lot of your time, it is far more efficient to have a separate team dealing with those issues.

We have also looked at what is called the 'back office'. The number of transactions that are created by this huge client increase is significant. Paying cheques, paying invoices, lots of payments, lots of data. So we have looked at some efficiencies by getting some productivity and efficiency gains in the back office, using information systems to make it more automated, and that seems to have had an effect. There is a lot less double entry, it is much more efficient and once we bed all that down we will be able to have a deal whereby Westpac, our banker, will do all the

payments for us, and we will just send them a file through. That will relieve a lot of pressures in the back office area and our finance area that does all the payments.

It is a two-stringed approach. We might have to look at extra resources but we are also looking at how to make things more efficient. The big part of the Deloitte review that we talked about was to look at everything we do in the GAB, personal services team area in terms of processes to see whether we could streamline things in there as well. That in a nutshell is what we are doing. Yes, there is a resource issue but there are also productivity and efficiencies that we try to look at as well.

Mr FINCH - That is where you got the employee costs increased by 8.7 per cent because of those extra people?

Mr MALONEY - Yes, extra people and wages increasing of course.

Ms ANN CUNNINGHAM - We actually do not have a choice; we have to undertake our CSO obligations. We are committed to do that and I think the recent Treasury Instructions obligate us to do that, whether or not we are even funded.

Mr FINCH - If it is increasing and you have been given \$800 000 less, the little duck in the water is going to be paddling away.

Ms ANN CUNNINGHAM - Inevitably we may have to eat into some reserves and that is the risk. Our profit margin will be considerably less. Our funding model has been accepted by the Government, they agree with the cost of service but we do not have a lot of choice. We have a three-year contract, we realise that we are not going to be fully funded and we have had to look at ways of increasing efficiencies.

Mr WIGHTMAN - I reiterate the point, this is a very tight budgetary situation and I will be working with the Public Trustee and obviously the Treasurer to attempt to address funding issues.

Mr GAFFNEY - You touched on organisational health and I think you said that you have 52 FTEs. I am just wondering what is the turnover of staff, what the stress is like, have you got succession planning and professional development because your client base is always changing? I would like some comment on that.

Mr WIGHTMAN - That is a very good question, Mr Gaffney.

CHAIR - They are all good questions, Minister.

Mr WIGHTMAN - I particularly liked that one.

Mr MALONEY - We have very high policies and procedures around occupational health and safety and we put a lot of effort into that. I can spend a fair bit of time on it but obviously we have not the time, but we do, do a lot.

In terms of resignations I have some information as I just thought that we might get a question around that because we have had a few ads in the paper recently. Three people left this calendar year because of travel, going overseas. I have one person who realised the job was not for him so he left. I also have to say, and I euphemistically use this word, I 'managed' people out -

and you can read in whatever you like in relation to that. I managed four people out. We take very seriously full performance so I managed some poor performers out. Some other people have gone by way of secondments to other agencies so we had to replace them and three people have been promoted. I could say that, on the whole, most of the resignations this year are explainable by actions by me for very good reasons - travel, we are dealing with people we call Gen Ys, and you all have Gen Ys no doubt, and they love to travel and to do things differently, they go overseas. We have one person going overseas to help in Africa, which is just wonderful. That is essentially it. One contract expired and, as I said, there are things that you cannot help.

Ms ANN CUNNINGHAM - We have a staff exit survey conducted and it is voluntary of course but most of them do complete that so that gives us some useful information, too.

Mr MALONEY - One other person is on medical grounds.

Mr GAFFNEY - Is there any staff on stress leave? Is that part of your -

Mr MALONEY - Yes, absolutely. There is no-one on that. The new legislation - if you are talking about what is our major risk, our major risk is that, and for all these reasons in the annual report that you asked for, but, secondly, aggressive clients. They are the two risk areas for us in occupational health and safety and that is what we give a lot of our attention to.

Mr FARRELL - Just following on from that, we had from one of the stakeholders a statement that some of the claims were outsourced and maybe you should look at having a larger legal team because they saw what you do as a great training ground for young lawyers. Are there any plans or why would you not take more people out of law school to train them?

Mr MALONEY - We have just put someone on, actually. She is straight out of law school. Tim Levis, would you like to come and answer? Tim Levis is our corporate solicitor.

CHAIR - Welcome, Tim.

Mr LEVIS - We have employed a young graduate this year and one of the things that I said to her when she came in -

CHAIR - You are not allowed to leave straightaway once we train you.

[10.00 a.m.]

Mr LEVIS - That is part of my strategy. Just by way of background, I spent almost 10 years in private practice before I came to the Public Trustee and one of the selling points I was able to push with Mandy was that it is a great place to learn. We do a wide range of work. Some of it is very difficult and I think she has seen the benefits of that. She is not stuck on the photocopier.

CHAIR - But you need more?

Mrs TAYLOR - How big is your legal team?

Mr MALONEY - It is three people. It used to be four but with this new one, she job-shares with a guy who has a bad back from an accident. It gets down to what we can justify in a small organisation. A lot of the things they were doing was checking wills written by the will writers in Launceston, and each other. We introduced a will-writing system called 'Chameleon', and with a

bit of training anyone around this table should be able to do some minor wills. It is a terrific system that comes from England. Because it works the way it does, we no longer have to do all this checking. I think it was almost one person's time checking wills; so that has gone. We wanted to get some efficiencies because we are paying for that system so we reduced the legal team by one because of the cost of the Chameleon system.

Ms ANN CUNNINGHAM - We had a review undertaken of the legal services team and in light of that we decided, and the board approved the recommendation, to reduce the legal team. We outsource particular contested issues to other firms and we have a private firm that we seek advice from.

CHAIR - There is a national standards committee, or organisation. It is obviously voluntary so it will be up to the organisation - what processes are in place to comply with those standards?

Mr MALONEY - The national standards you are talking about were developed by the Public Trustees. We as a group, and I am one of those, developed these national standards in terms of represented persons and we said, 'This is what we're going to do'. Earlier this year when they were coming in, we did a review of everything we do in relation to represented persons -

CHAIR - Hence the client review and the new processes in place?

Mr MALONEY - Yes. We have gone through and said, 'What do we need to do to improve our processes?' We are compliant with all the standards except for one, which was about involving the client in major and significant decisions - this is about selling a house or a car or getting your assets in, those sorts of big decisions - and to also have procedures for review of these major decisions. Most of the time when we are selling houses, because people are moving into old people's homes and have lost capacity, these are not issues. We are in the process of implementing that. I had a meeting two days ago about it. We understand it; we developed them; we are involved in it.

CHAIR - So you are going to comply with them?

Mr MALONEY - Absolutely.

CHAIR - The minister will be happy to hear that. Minister, we appreciate your time today. When it comes to scrutiny we absolutely understand the value of the Public Trustee.

Mr MALONEY - Can I just say one thing? The Deloitte review cost \$30 000 plus GST.

Mr WIGHTMAN - Thank you very much, Madam Chair, and thanks to the committee for your questions this morning.

The committee adjourned at 10.04 a.m.