

UNCORRECTED PROOF ISSUE

Thursday 8 December 2016 - House of Assembly - Government Businesses Scrutiny Committee - Public Trustee

HOUSE OF ASSEMBLY

GOVERNMENT BUSINESSES SCRUTINY COMMITTEE

Thursday 8 December 2016

MEMBERS

Mr Shelton (Chair)
Mrs Rylah (Deputy Chair)
Mr Bacon
Mr Green
Mr Jaensch
Ms Woodruff

SUBSTITUTE MEMBERS

Mr Llewellyn

IN ATTENDANCE

Hon. Vanessa Goodwin MLC, Minister for Justice

Ministerial Office

Mr Jim Dunham, Adviser

The Public Trust Office

Mr Mark Scanlon, Chairperson, Board of the Public Trustee

Mr David Benbow, CEO, Public Trustee

Ms Gaylene Cunningham, General Manager, Trustee Services

Mr Glenn Lucas, Chief Financial Officer and Company Secretary

Mr Tim Levis, Corporate Solicitor

Ms Angela Dougan, General Manager, People & Culture, Marketing & Communications

The committee resumed at 3 p.m.

CHAIR (Mr Shelton) - Welcome, everyone. Attorney, would you like to give a brief overview?

Dr GOODWIN - The organisation achieved a profit after tax for the financial year of \$106 000 compared with a profit last year of \$388 000. The total comprehensive loss for the year ended 30 June 2016 amounted to \$1 808 000 compared to a comprehensive profit of \$2 172 000 for the financial year ended 30 June 2015. There are a number of factors contributing to the result which are outlined in the annual report, the main one being around the defined benefit liability annual measurement.

The Public Trustee delivered on a number of initiatives over the year consistent with the organisation's strategic goals of continuing to improve its service delivery to the people of Tasmania and building a more sustainable business into the future. On 1 January this year the Public Trustee implemented the revised fee structure for represented person community service obligation clients. This revised fee structure resulted from the joint review which we initiated after coming to government and which was undertaken by Treasury and the Public Trustee in 2015. This review was supported by the Government providing an additional \$250 000 per year in community service funding to the Public Trustee. The review has made a significant difference to the lives of many disadvantaged Tasmanians.

At the commencement of the 2016-17 financial year, the Public Trustee completed a major rebranding exercise. This included the adoption of a new tag line, refreshable marketing materials and branding, TV and radio adverts, digital advertising, improving the office environment for clients, and the identification of a new target demographic of females in the 35-49 age range. It is also worth mentioning that during this year the Public Trustee undertook its biennial survey of clients appointed to the Public Trustee by an order of the Guardianship and Administration Board. Overall the results of the survey were pleasing, with high levels of satisfaction from both independent clients and network support contacts across a range of performance indicators. The results indicate that satisfaction of the Public Trustee as a financial manager has increased from the baseline survey.

I would like to acknowledge the hard work of David Benbow and his team throughout the year. I thank board members old and new and make particular mention of former chair Craig Stephens, who recently finished his term as chair and made a very significant contribution to the Public Trustee over more than a decade on the board. I would like to introduce the new chair, Mark Scanlon. Mr Scanlon has only recently taken up the position of chair but has a wealth of experience in the trustee industry, having been the CEO/Managing Director of Tasmanian Perpetual Trustees for more than nine years. He has been a director, including chair, of a broad range of organisations in various industries in both the private and public sectors. He is also a governing council member of the Tasmanian Health Service and a former director of the Motor Accidents Insurance Board.

Mr LLEWELLYN - Perhaps we can start by asking whether your client base has gone up or down or where it is going in the future.

Mr BENBOW - We have a broad-ranging client base. Predominantly our business is half commercial and half in the represented person space, which is appointments by the Guardianship and Administration Board. We currently manage around 3000 wills on behalf of future clients, who are the major commercial part of our business where we manage enduring powers of attorney for the living and manage people's estates who have named us as executor of their will.

In terms of growth in clients, we are seeing a static position in relation to our will numbers, on which we are doing an amount of work with our rebranding. In terms of our represented persons

clients, we are seeing an increase in those numbers but not a significant one, somewhere between 5 and 8 per cent per annum.

Mr LLEWELLYN - What are the numbers?

Mr BENBOW - We have 779 community service obligation represented persons and at the moment we are seeing an increase predominantly as a result of the change to our fee structure. A number of nursing homes and organisations managed people's financial affairs, not under the order from the Guardianship and Administration Board but quite deliberately on the basis that they felt our fees were at a level that made it difficult for their clients. As a result of our review, those fees are now amongst the lowest in the country and we are seeing a number of directors of those organisation who are personally liable for managing those finances looking to transfer those represented persons to us by going to the Guardianship Administration Board and applying for block orders, up to 30 or 40.

In terms of growth, there is much more significant growth in our represented person business than our commercial business and that is the major reason we have undertaken our rebranding with the Public Trustee. Rebranding is repositioning. In the past we were probably very attractive to those in the 65-plus age group but as we find the baby boomer age -

Mr LLEWELLYN - I was going to ask a question about the demographics as far as the clients are concerned.

Mr BENBOW - It is a good question. We undertook some work with a group called ATMM from Launceston, a market and distribution expert with some real experience in our industry. We felt we needed to change the demography from that 65-plus bracket because, like everything, values change as people move through their lives. Now the baby boomers and the generations prior to that are looking at more expert advice. They are looking at people to add value to their experience around the advice. In the past we would have been considered to be will makers. That is really the end product of advice.

Our legal team are in a great position to start building a product around estate planning and through the rebranding we are starting to go back to 35 to 49-year-old females who are the drivers of most decisions in most household about getting stuff done. We have coupled that with the concept pf introducing commercial fees for our estate planning. In the past wills were free so people perceived them as having no value. We were getting commercial low-value clients versus clients we could provide value to through an estate planning process and ultimately administer estates of a higher value.

Mr LLEWELLYN - Talking about the staffing levels, I have had a few constituents who have spoken to me about your responsiveness and timeliness in dealing with estates and wills. That led me to the conclusion that maybe you do not have enough staff and you are pressed, because otherwise, I would have thought, in doing an efficient job you would respond quicker than some constituents have indicated to me. Could you comment on your staff levels?

Mr BENBOW - We currently employ around 50.19 FTEs. In terms of bottoms on seats it about 57 people, with 82 per cent of our employees being female. So we have high percentage of people working part-time. The way we manage staff numbers is around workload. You can imagine we match, if you like, what we call matters. In other words, a deceased estate, enduring power of attorney, a represented person, we understand the time and the time frames. We have a

UNCORRECTED PROOF ISSUE

tool to make sure the individual has x number of files and that is how we manage the number of people. It is a fairly exact science in our trustee services area. We do the same thing in our finance area around management of transactions.

Mr LLEWELLYN - I know you cannot be exact but could you give us a ballpark indication of how long it would take to deal with an estate?

Mr BENBOW - It depends on the estate.

Mr LLEWELLYN - Yes, I know.

Mr BENBOW - It is a very broad question. Gaylene, on average, it should be about nine months?

Ms CUNNINGHAM - Yes, nine to twelve months.

Mr BENBOW - There are specific periods of time. For example, you cannot do anything in the first three months because of something called the Testator's Family Maintenance Act, so you have to wait for three months. In that time you are calling in assets and dealing with certain activities that have to be undertaken. When we say nine months, some will be dealt with in three months and some within four months. We have had some that have not been dealt with in 60 years.

Mr LLEWELLYN - Sixty years?

Mr BENBOW - And longer. That is because there are some very complex estates. You have to remember the Public Trustee does not always end up with the easy ones. We tend to be handed the hard ones because our friends the lawyers can see no money will be made out of it. I should not say that, should I? We end up with some very complex matters that often take many, many years for us to resolve.

What we are doing at the moment, we have finalised a project over the last year and a half, which is the development of something called a client management system. That system is in development. Previously, all our client management of files was paper-based. If you wanted to review a file in Burnie you would have to have the file sent to Burnie. If you wanted to find out what was happening in a file you had to go to the file. It is very archaic.

We have been working on a project to allow us to have all the correspondence, file notes and tasks within an estate will be available electronically. We have already found through this process we are starting to see our time frames coming back. More importantly, we are able to manage the time frames. Managers will have tools to see where their staff are in relation to their client files.

Mr BACON - When you talk about the workload. Do you mean all staff have a set amount cases? Has that changed over time?

Mr BENBOW - It changes over time with technology, in particular, and changes to legislation. The area you work in will determine how many files you carry. Our personal services clients they tend to carry more files because you establish a relationship with a client, you set up their budget, and management of the expectation around finances and then it is a management process. With a deceased estate, for example, that is a process. So you can define how long each component of the

process takes. Generally, for an estate administrator it is about 80 files and I think about 100 files per represented person manager. It does change over time.

Mr BACON - Are they increasing workloads for the staff?

Mr BENBOW - Increasing workloads but we are looking for ways to improve productivity. I think represented persons are a really good example. What we do for those clients is pay their bills. We receive their pension, we work with them to set up a budget and then pay their bills. At the moment we pay their bills almost manually. If we could turn around and get optical recognition for bill payment, the administrator would not have to do and you could almost bring that service back to a pure client service function. You would need fewer individuals doing that. Over time, as we look at productivity savings in that space, we will be able to manage more clients per administrator. That has probably changed through history, I am sure.

Mr LLEWELLYN - How many did you say? One hundred files per administrator, is that allocated on an alphabetical basis or something?

Mr BENBOW - No, we go through a process, every file that comes into our business goes, it's a great term, and we call it file triage. We look at that file and assess it for complexity, some clients will not have complexity. We look after people, for example that run businesses, have tax problems, in the middle of litigation, and you have to work out the complexity. It goes through a matrix program and it allocates it more time than something simple. It is not simply a straight 100 files per administrator, generally I would say in the represented persons space there are about 100 files. There might be a senior administrator and as you go up in terms of your supervision responsibilities you carry less, but probably more complex files.

Ms WOODRUFF - I think you said there were 50.19 full time equivalents and 57 people.

Mr BENBOW - Yes.

Ms WOODRUFF - Last year the Public Trustee had five staff in Burnie, six in Launceston and 48 in Hobart. It sounds like there are fewer staff this year than last year. Is that right?

Mr BENBOW - There are about two and a bit less staff. What we have done between Burnie, Devonport, Launceston and Hobart; we currently have four staff in Burnie, which is the same as last year. We had five including the manager. I cannot remember what we had last year but we currently have -

Mr LLEWELLYN - 53.9.

Mr BENBOW - Last year in terms of total, and in Launceston we had six.

Ms WOODRUFF - No, 59.

Mr BENBOW - 53.94 in 2015 and 50.19 in 2016.

Dr GOODWIN - The head count is 58.

Ms WOODRUFF - 53.9, so that is three less. Is that going to change? Why are there three less? Is there less work to do, or fewer cases?

Mr BENBOW - No, as we are bringing in to play our client management system we are building into the business case that we would require two less staff. There will be less paperwork to handle, less files to put together. There are files to send out to Iron Mountain, that is a productivity gain there. Along the coast, instead of having a manager in Launceston and a manager in Burnie we thought it was more effective to take the administrative burden from the Launceston manager and the administrative burden from the Burnie manager and make them one manager. They were able to manage across the coast.

Ms WOODRUFF - Can you go through the number of people in each region now?

Mr BENBOW - Yes. In Burnie there are four administrators, in Launceston there are six administrators, there is one manager across Burnie and Devonport and the balance are in Hobart.

Ms WOODRUFF - Which is?

Mr BENBOW - Out of the 57 there are 45.

Ms WOODRUFF - Are there any plans to rebalance the number of staff in each region? That is a heavier load in the south than it is in the north. Do you think that truly represents the number of cases? That does not represent their population distribution in Tasmania.

Mr BENBOW - That is a fair question.

Ms WOODRUFF - Are you going to be looking at, for example, employing or re-employing as people retire, staff in regional centres.

Mr BENBOW - If you look at represented persons around the state, we have 131 in Burnie, 156 in Launceston and 512 in Hobart. There are a disproportionate number of files around the state. Do we have a plan to rebalance? The answer, at this point, is no. It does not mean we will not rebalance in future, but once we have an electronic system that allows us to transfer files around the state, it could change the way we re-engineer our administration platform.

Ms WOODRUFF - Yes, because in terms of regional jobs in Burnie, that is a big difference - 380 in the north and 512 in the south. Do you see where I am going? There is potential to recalibrate it.

Mr BENBOW - I think it is historic.

Ms WOODRUFF - I'm sure it is.

Mr BENBOW - Also the issue we have as an industry is finding people who are able to do this work. We find it difficult, for example, to replace someone in Burnie. When you only have four people it's all about scale. What we are trying to do across the state is change that reliance upon having individual administration centres throughout the state. We don't regard Hobart as a head office, for example. I suppose you could, because we have our HR function there, we have our finance function there and we have our marketing function there.

Mr LLEWELLYN - You have the CEO there too.

UNCORRECTED PROOF ISSUE

Mr BENBOW - You have the CEO, so you could call it a head office. What we are trying to do -

Ms WOODRUFF - I think if you're in Burnie you might call it the head office.

Mr BENBOW - Yes, you probably would. I may never change that culture. What we're trying to do is if you walk into the Burnie office you get the same service that you get in the Hobart office that you get in the Launceston office. Having little administration hubs where you are trying to get four people to have the same hierarchical structure in Burnie, Launceston and Hobart is impossible. Since I have been here - and I haven't been here that long, I started in February 2014 - I have been trying to re-engineer the business to get some functionality. At the moment if someone in Burnie has 40 files and then they get sick, you have to load the files into the trailer and send them down. That is the reality of how -

Ms WOODRUFF - So it hasn't gone digital yet.

Dr GOODWIN - In the process of.

Mr BENBOW - We roll this out in January/February. What that means is you could handle all the guardianship and administration reporting from Burnie if that's where the expertise was, because they can access the files, it is a simple function. You can decide where you are going to have your administrative function. There is no pre-determined view in anyone's mind that it is all going to be in Hobart. It is where we can have the resource. I said to Gaylene Cunningham, the manager responsible for this area, we have to determine how we build scale into these regional areas, so they're not so vulnerable. We have some people who are in that zone where they will probably be looking at retirement. That is a lifetime of skills that will disappear. I think in our Burnie office we have three people out of the four who are over 55.

CHAIR - Careful choosing a number.

Ms WOODRUFF - That's pretty young really.

CHAIR - Considering you mention that most of your employees were female, so very cautious choosing a number.

Mr BENBOW - I understand the fragility of that sort of model and we need to build some scale into that. This is what you will find in businesses like ours. One or two people leave in that concentrated administration model and the whole thing falls apart. For us that is a case of getting functionality into the administration process so we can decide where stuff is done. If we suddenly need to move files around we can just reallocate a number, not a movement.

Mr JAENSCH - Attorney, in your opening statement you made reference to a revised fee structure that was making a big difference for some of your disadvantaged Tasmanian clients. What sort of reduction in fees are we seeing there for a represented person? The sort of quantum of change?

Mr BENBOW - It is quite significant. The revised fee structure began on 1 January 2016. Prior to that if you were a represented person you paid exactly the same fee scale as an enduring power of attorney client. If you were getting a disability pension you were charged 6.6 per cent of your disability pension as an income commission. If you had \$20 000 in cash then we will take

4 per cent of that as a capital commission. There were also ongoing monthly account fees and transaction fees.

With the review that was undertaken in conjunction with Treasury we did a snapshot around the country of the various jurisdictions to see what sort of model was appropriate for Tasmania. We settled that this service should not be free, there needs to be some contribution but where people had the capacity to pay something. We reduced the fees for the commission structure down from 6.6 to 2.75, no capital commissions, no monthly account fee for those under \$10 000 and no fees -

Mr JAENSCH - Your 2.75 -

Mr BENBOW - The 6.6 income commission went to 2.75 on the amount of income that comes in. If it is only a pension it would be the amount of your pension and that is quite significant. The reduction is about \$1000 a year. If someone is getting a pension of \$20 000 \$1000 makes it a massive difference to that individual. Probably the biggest reduction was anyone who has less than \$10 000 in assets pays nothing.

Mr JAENSCH - A no-fee threshold. Could I ask you why you chose to alter a percentage basis rather than move to a flatter fee?

Mr BENBOW - Our system probably prevented us from going to a flat fee and through our modelling we found that you ended up with the same result. I think the key is the majority of our clients, especially in CSO-represented person space, do not have \$10 000 in assets. There is an element of fairness in all of that. Would we go to another fee if we had a different system? Possibly not.

Mr JAENSCH - It saves there being steps.

Mr BENBOW - Yes. Other jurisdictions have a number of different thresholds but we would not be able to manage at this point. Our base underlying tax system, which is like our accounting system, would need to be replaced.

Mr JAENSCH - Can you, in definitions, clarify for me the difference in the categories you referred to, the represented persons versus the enduring power of attorney.

Mr BENBOW - An enduring power of attorney client would come to the Public Trustee,

Mr JAENSCH - And I have.

Mr BENBOW - And you have, excellent news, thank you. You can nominate your wife or your partner to look after your financial affairs should you become incapable. The difference for a represented person is that the Guardianship and Administration Board will appoint us under an order to be your financial representative.

I probably omitted to say one of the other key initiatives we have taken undertaken this year is that the Public Trustee will allow wills to be written where we are not nominated as the executor, which is quite a significant step for us.

Mr LLEWELLYN - What do you charge under those circumstances for a normal will as against the legal fraternity.

Mr LEVIS - I have a flow chart I had to develop to answer that question when I get telephone calls. There is no simple answer to it. The short answer is if you appoint the Public Trustee as the executor, the fee for a single person, for example, is \$120. For the \$120 you would expect to come into the Public Trustee, probably spend about an hour, we would take instructions and prepare the document and you would be naming the Public Trustee as the executor. Sorry, that is \$95 not \$120 - my apologies. That \$120 is with a power of attorney. If you are appointing a private executor, say for example your wife or your husband, that would be \$295 and that is based on an attendance rate. Again, if you are spending about an hour that is a Supreme Court hourly rate.

Mr LLEWELLYN - That is on the basis that the Public Trustee will not deal as an executor with the will and the estate.

Mr BENBOW - Correct. The biggest issue has been how we recover the cost of that time with the solicitor if you can change your will any time down the track. This is an attempt to recover some of that cost but also more importantly to add value to the service that is being delivered.

Mr JAENSCH - Whereas in the cases where you are executor, you go to that sort of commission model.

Mr BENBOW - Previously you would come to us and write your will and then, if you are fit and healthy, we might see your death notice in 30 or 40 years, but we don't know whether you have changed your will in that 30 or 40 years. If you have, we have waited all that time to recover the cost of having done that work of preparing a will with a legal person and you have done your will with your solicitor, so we have lost that chance to recover. We will recover some of that now and attempt to be better at retaining our clients over the period so that we can recover the balance when we administer estates.

Mr LLEWELLYN - And the comparison? How does that compare with your legal representative?

Mr LEVIS - If somebody goes to a private solicitor - as I said, the rate isn't arbitrary. We have gone to the Supreme Court attendance rate so it is a reasonable rate that the profession sees as appropriate for the time it has spent on preparing the will.

Mr LLEWELLYN - They would charge \$95 to write up a will?

Mr LEVIS - I can't talk for other law firms, obviously, but some may.

Mr BENBOW - I probably can; I am not bound by the legal profession. It will depend on the solicitor. There are some solicitors around town who would charge you \$5000 for preparing a will and then are some who would charge you \$500 and some who would give it to you free because they're doing their conveying and that is probably what it's worth. At the end of the day it differs, but we have done some research around where we think we can place ourselves. We have had a look at our competitors up the road in the corporate space, which is Tasmanian Perpetual Trustees. We have looked generally at where the legal profession sits and then struck a rate. It is also important to note we also look after our less fortunate clients. If you are on a full government pension, you don't pay a fee. If you are on a disability or aged pension, you won't pay a fee.

UNCORRECTED PROOF ISSUE

Ms WOODRUFF - Minister, these reduced fees sounds like a very good thing for the community service obligation representative people. I understand the cost of that fee reduction is being shared equally between the Public Trustee and the government from 1 July this year but that that agreement on the CSO fees expires in June 2017. How are negotiations going with Treasury on a new agreement progressing? Is it expected that the government will continue to assist in paying these reduced fees?

Mr BENBOW - We are in the very early stages. We have prepared a submission that has gone to Treasury outlining our position and we wait to hear from Treasury to commence those negotiations.

Ms WOODRUFF - And you don't have any reason to doubt there will be a change in that arrangement? You will be advocating strongly on behalf of it?

Dr GOODWIN - Yes. It is part of the budget process. This was an issue that was raised with us. It was an issue that was around for some time and was of concern to the community sector. They advocated quite hard for it to be addressed. There was a review undertaken, initiated by the Government. Treasury, in conjunction with the Public Trustee, undertook the review. Of course I will be advocating strongly for it.

Mr BACON - Is it funded in the forward Estimates across the four years?

Dr GOODWIN - I don't know about that.

Mr BENBOW - I think it is. I think that's why we are putting in a submission now, because it goes into the process in around February - the determination of what can be funded.

Mr LLEWELLYN - With respect to your having adjusted the fees, which I think is very positive, how do we inform Tasmanians that your service is available and competitive? What sort of action have you taken?

Mr BENBOW - Any male of any age group. Unless you are female in the age group of between 35 and 49 it is unlikely you have seen any of our ads. Unless you watch *The Bachelorette* and a range of other programs, where it has been targeted by a marketing poll, it is unlikely you have seen how much advertising we have done, which has been quite significant.

There are three components to the marketing campaign. The first was around the tactical piece, which is radio and television, and the ads are designed to be attractive to that 35- to 49-year-old female about not necessarily preparing for death but preparing for who looks after her kids if there is an issue, enduring powers of attorney, those sorts of things.

We were concerned we would see a relatively significant drop-off in will numbers as a result of moving that demographic and moving our fee structure to a significant commercial fee. We are finding our will numbers are basically the same. We are probably not refined enough to work out whether we are starting to get that shift in the demographic we are looking for, but we are doing some work around our marketing intelligence on that piece.

The second key component is our digital strategy. We are using Google AdWords to help us to get more to channel into our new website to be educated about what the Public Trustee can do,

looking at being able to access our advertising and information material, and being able to book appointments.

The third key component is something we have never really done properly, which is a business development strategy. I was amazed when I started with the Public Trustee that we were not the pre-eminent provider of estate planning to the public service of Tasmania, which employs a lot of females exactly in that demographic.

Mr LLEWELLYN - I see a lot of ads on television with respect to funeral expenses.

Mr JAENSCH - They are marketing them directly to you, you know that. Just as they were going for the women, they are looking at your programs and selling you that.

Mr LLEWELLYN - He is being ageist. In your area I have honestly not seen many and I don't watch Georgia. I know her but do not watch that program.

Dr GOODWIN - That is because you are not in that demographic of female for a start. That is my demographic.

Mr BENBOW - I haven't seen many of the ads either. I had to ask the marketing manager when they were on so I could try to watch one. That is the demographic and ATMM are very good at determining what programs we should be targeting and what time. We used to have our ad on during the football on a Friday night and people used to say that is a great time to have an ad. I am thinking, no, it's not, everybody hates people who put ads on with the football, especially around dying - it can't be right. You have to rethink about who you are trying to target and when are they watching. You don't put it on at 6 o'clock at night because young females are feeding the kids and all that stuff. It is an exact science.

Mr JAENSCH - Is there a reason why you are not targeting Mr Llewellyn? Is it because you have enough Mr Llewellyns in the portfolio and you want to grow an area?

Mr BENBOW - No. We are targeting the Mr Llewellyns in a different way. We partner with groups such as COTA during Seniors Week. We have a range of the traditional newsletter-type material. Tim does a lot of work in presenting seminars around the state to Probus. We have been partnering with Tasplan, we do a lot of work there. We have been doing it with the police, seniors groups.

Mr LEVIS - Seniors groups. Our best advertising is by word of mouth.

Mr JAENSCH - The marketing plan around those women in that age bracket is because there was a hole there and you are marketing to a new group of people.

Mr BENBOW - There is. To build the sustainability of a business you have to build a pipeline of business. As well as describing it, it takes time for our business to emerge - it is as simple as that. You will have a pocket that will emerge. If you are only now targeting the 65-plus group, when they all move through the sausage mill you are left with a gap and it will be too late to come back in and say, 'What about us?' You have to start working on that now so you build the relationship and respect around our organisation being able to deliver the services you need as you get older.

UNCORRECTED PROOF ISSUE

Mr LEVIS - Unfortunately a lot of people leave the necessary task of making their will and power of attorney until it's too late. We often hear the term 'if I die.' Well, sorry, it is not 'if'; it is 'when'.

Dr GOODWIN - This is getting to be a very depressing conversation.

Mr LLEWELLYN - I will change the subject and ask a question about your staff. You deal with people on a regular basis from the point of view of making wills for people but also for people who are following up estates and the like. Have you or any of the staff experienced any threats or been assaulted during the last year or so?

Mr BENBOW - Not assaulted, but we obviously deal with people in very difficult circumstances, especially in the represented person space. We have had some threats that have been made. Tim has taken out restraining orders against some of our clients so that they can only contact us by phone and cannot come into the building and that sort of thing. The answer to that is yes and it is not surprising in terms of some of the unfortunate souls we have to deal with, but I think we deal with it in a very compassionate way. We have security guards in Hobart. We don't have a security guard in Burnie or Launceston following a security review. It just seems that with the higher proportion of clients in Hobart we have a trained security guard who can diffuse the situation. We have not had the same situations in Burnie and Launceston that necessitate that.

As I said, we had a security review done around the state. When we renovated 116 Murray Street we got rid of the security station downstairs which every client had to go through, although not with scanners and stuff like that. We allow clients now to come to the two secure floors and reception areas, so we have to have a heightened sense of security around how we deal with that. In Burnie and Launceston we have reconfigured those offices in a similar way. Tim, how many restraining orders in the financial year?

Mr LEVIS - Two. We can usually negotiate our way through these things with a bit of explanation and stuff like that. In the main people recognise that we're just doing our job but sometimes things escalate.

Mrs RYLAH - Attorney, I recall that every couple of years the Public Trustee does a survey and you mentioned that in your opening remarks. Can you outline the outcomes of the survey this year?

Ms CUNNINGHAM - This year we interviewed 106 people, 80 of whom were actual clients and the other 106 being a client's supported network person, somebody involved with the client. That represented 24 per cent of our whole financial administration client population base and the results were really pleasing. It was really good to see from our baseline survey - this was our second survey - that we had an uplift in a number of areas.

Mrs RYLAH - Can you outline what those areas were?

Ms CUNNINGHAM - Yes. I will just give you some examples. 'My budget was explained to me' - we went from a rating of 53 per cent up to 71 per cent in that time. 'My client account manager takes the time to listen to my needs when making plans for my financial future' - we went from 67 per cent to 81 per cent.

Mr JAENSCH - Are they the percentage of people who said yes to those statements?

Ms CUNNINGHAM - Yes. Some of the other pleasing results were that the Public Trustee office was easy to get to, where we went from 66 per cent to 79 per cent. We asked a broad range of questions.

Mrs RYLAH - In relation to the change in location here?

Ms CUNNINGHAM - No, it was in relation to our Devonport office. We are servicing that office and area more frequently now and the clients are coming in there now.

Mrs RYLAH - Were there any declines in the service?

Ms CUNNINGHAM - Yes. A number of things but marginal. Overall they were pretty much the same.

Mr BENBOW - There were more responses in this survey than the previous one, quite a significant number. You have to realise that 24 per cent may sound low but if you are under a financial order it is because you do not have capacity and you have a disability, so you might not be able to respond to the survey. The really pleasing thing was that following the first survey Gaylene and her team undertook some specific actions to address those low scores. That is where we saw the uplift, especially around communication and talking to people about their financial budgets, what it meant for them and their ability to communicate their needs to us.

Mr BACON - Is there a chance you are only surveying the people of lower needs than the people who cannot respond to the survey?

Mr BENBOW - It is probably the other way around. We tend to respond to those who have the ability to respond. You may have a disability but you have capacity, if you like. The majority who cannot are those with serious dementia, serious mental health issues, are in prison and a whole range of other things. That is why we also sample a range of support people so we can at least get that across-the-board review.

Ms WOODRUFF - It sounds like good news on client satisfaction.

Last year it was mentioned that there was some work underway to fix concerns raised by staff about some lack of support from senior management. Have any recent surveys been done to look at internal staff satisfaction and whether those issues have been resolved? Are there any issues in the Launceston and Burnie offices? They have less staff there and it may be more intense.

Mr BENBOW - The key concern was the Launceston office and how that was being managed. I think even when I started we had prolonged issues around getting the right manager into that office. It was difficult to find a person who had the level of skill to be able to manage a little bit remotely, albeit obviously with support. We ended up getting the right person but unfortunately they became quite unwell, so we went through, as a matter of course, a senior management review. We took the view that we would restructure the management function on the coast in two particular areas.

There was no legal support on the coast. All the people in the south had a lawyer if they wanted their estate planning done but if you went to Devonport, Burnie or Launceston you did not get a lawyer. That to me did not seem the way things should be, so we appointed a senior legal person

in Launceston who is now based in Devonport and does the estate planning across the coast. The Burnie manager's administrative workload was taken away and she now manages Burnie and Launceston. We are working very hard in terms of getting other senior managers to be spending more time in our two remotest branches, Burnie and Launceston. We do not have an office in Devonport. We have an office but it is not a serviced office, so we just use it when we are there.

Ms WOODRUFF - A hot desk.

Mr BENBOW - That is it. We went through a process. You would have noticed in the financial accounts that one of the senior managers was made redundant during the year. That position was absorbed into other positions within the executive management team and rescoping of those roles occurred. People were charged with more accountability and responsibility for the management of staff.

Mr LLEWELLYN - Looking at the issue of dividends, the Public Trustee did not pay a dividend for 2015-16 to Government and year ending 30 June 2016 the amount of money did not exceed the community service obligation funding gap. A dividend has not been requested of the Public Trustee again. What is the situation into the future? Have you programmed a return to Government or do you believe you should operate on a sustainable basis and if so how does Treasury feel about that?

Dr GOODWIN - Mr Llewellyn, there has been obviously pressure on the Public Trustee with an increase in the number of CSO and represented persons who are clients of the Public Trustee. Those numbers have been going up over the years. There has been an agreement between the Government and the Public Trustee that where that gap is large there will not be a requirement to pay the dividend and that is obviously what has happened.

Mr BENBOW - There is a predetermined formula for when a dividend kicks in. Glenn, can you explain how the dividend policy works?

Mr LUCAS - We are like any other GBE, we pay 90 per cent of profit after tax but we get adjusted for any shortfall in the CSO funding agreement we have with the Government, so it is like a side letter to the CSO agreement. It is agreed between the business and Treasury. If we make profits over and above the CSO funding gap and there is a dividend payable, that is we make a profit, then that is when we pay it. However, we have not been in that position.

Mr LLEWELLYN - Your arrangement with Treasury is that they provide that as a rebate or as a refund back to you.

Mr LUCAS - We do not necessarily get the money back. I will try to explain it another way. There are two things at play. There is our operating result after tax and that is what the dividend formula is based on, so that is the 90 per cent. Then the other part at play is our CSO funding that we have with Government. That amount is not enough to cover the cost of doing the work so the agreement we have with the Government is that they will not require a dividend from the Public Trustee if there is a shortfall in our CSO funding.

Mr BACON - What is the shortfall for this year?

Mr LUCAS - The shortfall for 2016,

UNCORRECTED PROOF ISSUE

Dr GOODWIN - The actual quantum of the CSO funding I think has been going up each year.

Mr BENBOW - The CSO shortfall has increased significantly because we have now reduced our fees on represented persons. Back in 2014-15 it was around \$500 000. It is now around \$750 000.

Mr BACON - The shortfall. There is no time in the next four years where you will foresee there will be any dividend payable at all.

Mr BENBOW - We have modelling for the next four years where we are looking at ways to increase our commercial activities. Our view is we should be a sustainable business so we are looking to grow our business. Our view is we would love to be paying dividends to Government because that means we are making profits and making our business sustainable to the point where we are not receiving funding from Government. The reality is at the moment we receive around \$1.6 million a year.

Mr LLEWELLYN - As a CSO.

Mr BENBOW - As a CSO. We have a model that we have agreed with Treasury around what the CSO shortfall is. Half of our business is commercial. If we did not have the CSO represented business what would be that cost? There's the cost, here's what government is able to provide, and here's your shortfall. It is an exact science that has been agreed between Treasury and us. When do we think we will recover that shortfall? It is a significant amount of profit -

Mr LLEWELLYN - Give me an example of the CSO calculations. If one was doing that from, say, a Forestry Tasmania point of view you would say, 'It costs so much money to maintain the roads the tourists use, therefore that's over and above our core business and we need a refund for it'. What sort of things in the Public Trustee can be equated to that?

Mr BENBOW - Labour is the major cost, contribution of systems, contribution of part of finance. No marketing as you don't market to attract represented persons, they are appointed to us. You go through each of your cost centres and items -

Mr LLEWELLYN - That's only one part of your client base, though. On the other hand, you market to try to get more clients.

Dr GOODWIN - More of the commercial.

Mr BENBOW - As to the shortfall, what you are trying to identify is what cost is attributable to the business that falls under the definition of a community service obligation client. It is not just represented persons, it is also estates under \$60 000, and then minors' trust - they all fall into a definition. We have a model that we have agreed with Treasury that looks at each expense line - it's a product costing exercise - and says, 'What proportion of salaries belongs in the represented persons CSO space?' We look at the team that manages those clients and we come up with a basis for determining how much of our finance team is attributable to managing that, how much of our management team, how much have we bought? Then you say, 'There's the cost' and, by definition, if government is paying \$1.6 million and the shortfall is \$750 000, add the two together and it's probably the cost.

Mr LLEWELLYN - How satisfied are you that Treasury has responded to your community service obligation? What is the level of argument with Treasury over this matter?

Mr BENBOW - Our submission to government is always that we would like to be fully funded for the shortfall. We understand it can't necessarily occur but, to be honest, we have had some concessions over the last three years. We had some issues prior to when I started, in about 2012-13, when government increased the funding as a result of the growth of represented persons, putting in an extra \$50 000 a year. Following negotiations on reducing the fees on represented persons the Government has been good enough to increase our funding by quite a significant amount. We will be quite excited to have the conversation come February 2017 on where all that goes, but again it comes down to the ability of government to pay. We don't have to pay a dividend until such time as we start to make better profits. That is a way of also contributing to that shortfall by government. Are we satisfied? We would like not to have to be funded at all by government, but the bottom line is if we weren't funded by government we would be insolvent.

Mr JAENSCH - I have a question regarding a reference in the annual report to a new solicitor position, based in the north and north-west of the state. Is that a result of greater needs arising in that area that we need to service differently, or is it part of an organisational change?

Mr BENBOW - It is organisational change. I mentioned before that estate planning in the south previously was done by a legal professional and in the north it wasn't. If you are making a market offering that if you go the Public Trustee you will receive a professional hand with your estate planning affairs - unless you live north of Oatlands and you won't - it is not really a good proposition. We looked at putting an experienced estate planner in the north and we were lucky enough to find exactly that and it has been working very well for us. Our bill numbers there are very good.

Mr JAENSCH - That is about having that similar service shopfront in all of your territories, back of house can be elsewhere or anywhere.

Mr BENBOW - Wherever you go you will get the same level of service.

Ms WOODRUFF - Attorney-General, is the Public Trustee defending any legal action at the moment in relation to the provision of services?

Mr BENBOW - Not that we are aware of.

Mr LEVIS - We are parties to actions.

Ms WOODRUFF - Okay, so not in relation to provision of the Trustee's services. Does the Trustee pay any executive bonuses?

Mr BENBOW - No, unfortunately. That could always change.

Members laughing.

Mr BACON - Do you provide domestic violence leave for your staff?

Ms DOUGAN - We do, as part of our personal leave provisions.

UNCORRECTED PROOF ISSUE

Mr BACON - How long has it been in place?

Ms DOUGAN - The same as any other state service department, since 2013 I believe.

Mr BENBOW - Our staff are all paid under the State Service Act. We don't operate under an independent enterprise agreement.

Ms WOODRUFF - Your rebranding which sounds great on television, radio and in the print, is that right? It is as you were describing, specifically aimed at a different demographic and opening up work that you do and presumably assisting in long-term sustainability. Are you planning on reporting any different key performance indicators around those demographics so that we can assess whether it has been effective and it was worth it?

Ms DOUGAN - In terms of KPIs, we monitor on a monthly basis how many wills and how many powers of attorney we have taken out. We also monitor ad word campaigns, so we use Google AdWords and monitor how many hits that have resulted on our website. We also result on how many contacts we may have had from the sites on our websites.

Ms WOODRUFF - That sounds like a general, it is not specifically about the demographic that you are monitoring? That is what I was wondering because the rebranding has been trying to get a new demographic. Are you going to get some KPIs specifically around that demographic?

Ms DOUGAN - Yes, we certainly monitor within age ranges, how many wills and powers of attorney we have had, yes.

Mr LLEWELLYN - What about consultancies?

Mr BENBOW - There is a consultancy cost. The major consultancy in the last year has been in assistance with the development of our client management system. We have had a consultant working with us to develop that system.

Dr GOODWIN - A Tasmanian consultant?

Mr BENBOW - A Tasmanian consultant, yes.

Ms WOODRUFF - Will reporting on the KPIs form part of your annual report? Are you publicly reported against? At the moment you are talking about your monitoring from an internal point of view, but for something that would be in the report?

Mr BENBOW - I think it possibly could be. We are going through that process at the moment. It's early days in terms of how we are developing our reporting format. We would like to be more precise around understanding how we are getting that demographic shift if you like.

We also need to have a better understanding of our introduction of fees and how it is going against the demographic. For our little business this is all very new stuff. I know Angie has been appointed into the role and has already done a significant amount around positioning us for greater transparency around how successful our campaigns are going to be, particularly in the efforts around business development. If we are campaigning to get more public servants, for example, we will work it through individual campaigns, through individual agencies, for individual GBEs, depending

UNCORRECTED PROOF ISSUE

on the geographic mix and type. There is a lot of work to be done there and people forget there are only 50.19 people; we're not 500.19.

Dr GOODWIN - It is a competitive space to be in.

Mr BENBOW - True.

Dr GOODWIN - When you're talking about wills and estate planning there are a lot of other people out there competing.

Ms WOODRUFF - That is why that money specifically is about rebranding to get that demographic. If you elevate that reporting to a KPI in a formal way it puts a bit more emphasis on it.

Mr BENBOW - I agree. It is interesting, the rebranding and advertising we've done. There was a general increase in business across age groups. Although we say it is targeted, as a branding exercise it has been quite useful.

Mrs RYLAH - The annual report refers to office refurbishment completed during the year. What have been the benefits of that refurbishment? Where has it happened?

Mr BENBOW - We have a better lunchroom. It was a significant undertaking for our organisation. If you remember back a couple of years, 116 Murray Street was pretty 1980s with torn carpet held together with gaffer tape, yellow hospital walls and lots of little offices, a lot of disconnection between floors. The boardroom absorbed what used to be an atrium, so we opened the whole office up. We kicked the board out, opened the atrium and put a stairway in there, so we have connection between floors. We took all of the management people off the third floor and mixed everybody up. We moved security from the ground floor and had two secure floors, much better staff amenities and the open plan environment provides a better culture. It was money well spent and money that had to be spent. We have a significant lease. That sort of fit-out will last us through our seven-year lease.

Launceston and Burnie now have particularly good offices and our people in Hobart are able to invite clients into an environment that doesn't look like a 1980s, old trustee company. It has been a great outcome.

Dr GOODWIN - It's a really good space, with lots of natural light.

Mr BACON - How many people are in your media and communications team?

Mr BENBOW - About two.

Mr BACON - And the combined salaries of the two?

Ms DOUGAN - I wouldn't know that off the top of my head, I'll have to take that on notice.

Mr BACON - How much has been spent by the Public Trustee on media and communications training in the past two years?

Mr BENBOW - Media and communications training - two staff.

Mr BACON - What have you spent on your communications training in that time? Nothing. What would be your annual spend on media monitoring?

Mr BENBOW - The majority would be - we haven't surveyed this year. We have had a market survey in the past, undertaken by Myriad, but we didn't do that this year because of the rebranding change. The most significant cost this year is around the monitoring of our Google AdWords, which is probably \$3000 a month.

Mr BACON - So, no other significant spending on media monitoring from that?

Mr BENBOW - Our media campaign and our media strategies are very similar. We can judge the success of our television campaign by our forward appointments and at this point it is probably as significant as it gets. Next year I suggest we would probably undertake more market research around brand to see whether the new [inaudible] have been effective.

Mr BACON - How much in total have you spent on adverting, corporate communications and copywriting in the past two years?

Mr BENBOW - We can take that notice.

Mr BACON - How much has been spent on uniforms and corporate attire in the past 12 months?

Mr BENBOW - Zero.

Mr BACON - Thank you.

Mr LLEWELLYN - I would be interested to know how you keep a track of those clients who die? In the newspapers, obviously, and Births, Deaths and Marriages. How does that work?

Mr BENBOW - We have what is called a will bank so we know what wills we hold. How do we know people have passed away? We have access to Births, Deaths and Marriages. Normally people contact you but if they do not we rely on death notices. We have people who cut the death notices out of the paper every day, go through the system and assess whether or not they are our clients. If we do not find them in the paper, most of the time we would be contacted by relatives or friends. It is hard to keep track of people. We employ a genealogist and they do a lot of work with the intestate estates we look after, finding people all over the world. A common issue with public trustees is how you find people, and that is how you do it.

Mr LLEWELLYN - Ancestry.com.

Mr BENBOW - That's exactly right.

Ms WOODRUFF - Does the relative or funeral company of every person who dies put an ad in?

Mr BENBOW - Not necessarily.

Ms WOODRUFF - So it's not necessarily foolproof?

Mr BENBOW - No, it is not. How do you keep track of someone who wrote a will 40 years ago who suddenly ends up in the jungles of Bolivia? That is not an outrageous comment. You have no idea where people are. They won't necessarily end up in a paper somewhere.

Ms WOODRUFF - Is it correct that there has been a decline in new wills and revision wills?

Mr BENBOW - Yes, probably over the last two years. It is not deliberate. Two years ago, you might remember Australia Post had a significant increase in its cost of surface mail. The way the Public Trustee used to run a major part of its will campaign was to send letters out, for example, to everybody in Scottsdale. Suddenly the costs of doing that became prohibitive. We had to reflect on how we delivered that, especially if you imagine that all those costs are built into the delivery of each will we write and we were not charging for them. Our cost of acquisition was quite significant with no way of recovery, so we stopped the number of will-writing days -

Ms WOODRUFF - Stopped the number of what?

Mr BENBOW - The will-writing days we were doing in that year back to a core. We looked at changing in the way we advertised those will-writing days that did not require mail and how we could attract customers without having an expensive acquisition model. We have been working on our marketing strategy for the last year and a half which is replacing a lot of those will-writing days.

Mr LLEWELLYN - Before you go on, are the will-writing days a promotional thing for the clients where if they come along on a certain day, you would write their will?

Mr BENBOW - Correct. A lot of the revision wills were done on will-writing days and were wills that did not need to be rewritten, but people like to come and rewrite their wills because they were free. When you start charging for will a lot of people will say, 'I don't need to rewrite my will as much as I thought, I'm happy to give Dorothy the plate I said I would give her, she can keep it.' That is a case in point. We were writing a lot of wills for people who did not need to have their wills written or rewritten.

Ms WOODRUFF - Was that anecdotal? We are seeing a big decline in both the new wills and the revision wills and I am hearing you say that the decline in the revision wills is not really a problem because they did not need to be redone. Do you have evidence or did you record how many did not need to be done, or is it just a gut feeling?

Mr BENBOW - I suppose it is previous experience. I worked in another trustee organisation where we went through exactly the same experience. We worked on the basis that we expected around a 40 per cent drop in the number of new and revised wills and it has been much less than that.

Ms WOODRUFF - Through stopping doing the mail-outs, do you mean?

Mr BENBOW - No. We have not stopped writing free wills to concessional clients, so we are still getting some people who probably do not need their wills rewritten but we are rewriting them because they are free. In terms of new wills, there are a number of people, unfortunately, who like to have a will written but have no assets. They might not be on a pension but there is another way for them to deal with their estate planning which is not around having a will, rather than in the past when we would be order takers. Someone could walk in and say, 'I have no money but I might win

UNCORRECTED PROOF ISSUE

Tattslotto in a few years so I am going to have a will', and we would write that will. The cost of writing that will is borne by the Public Trustee.

People who do not need a will will probably get a will anyway because it is concessional. For those who have money and probably do not need to revise their will they will get a will revision free of charge, I think it is once every three years, but we will get a drop in revisions, which is probably right and we need to build up the number of new wills. We are hoping to build up the number of new wills in that new demographic who are undertaking estate planning. The will is not what they are coming for, it is for the advice.

Ms WOODRUFF - So you do not really see it as a problem. You are not trying to reverse the trend because it was not a problem in the first place. You are trying to move into a new market of people who need wills.

Mr BENBOW - I would like to think will numbers are not the answer. I think the answer is the quality of the wills we are writing.

Mr LLEWELLYN - On that subject, can I ask a question on the effect online wills available on the internet has had on the client base? People now think they can write their own wills because of things on the internet.

Mr BENBOW - Gaylene was telling me at the probate office they are now providing information for people who administer their own estates and there are a number of people writing their own wills using will kits. That is why you have to move from being an order taker to being an adviser. You want to deal with people who have a self-managed superannuation fund or a small business or complex financial arrangements who cannot sort that out with a will kit. The state trustees in Victoria market nationally with their will kit. For the public trustees, if you like, the boundaries are ending. It is a changing world and we have to change with it. The digital age is upon us and unless we start looking at how we participate in that -

Mr LLEWELLYN - Have you given some thought about providing some sort of a kit for people?

Mr BENBOW - I think the state trustees model is quite a good one. We have been invited by state trustees to utilise their product. They have developed it and it is a case of us deciding where that fits into our product offering. It will need to be considered to the point of even the model around commissions on deceased estates. Longer term, do you stay with a commission-based structure or do you go with a fee-based structure? The world changes so quickly. You have to be ahead of the game and they are all the things the board and management will be working through in our strategy sessions to continue to look at our service offering and where that sits into the future.

Mr JAENSCH - With advanced care directives. Do you have advanced care directives lodged with you under powers of attorney et cetera?

Mr BENBOW - No.

Mr LLEWELLYN - The guardianship is separate but they do instruct you on various clients and so on if needed.

UNCORRECTED PROOF ISSUE

Mr BENBOW - We are financial administrators so we are appointed by the Guardianship and Administration Board to be a financial administrator.

Mr JAENSCH - So some of those clients could also be people who have advanced care directives?

Mr BENBOW - They would be clients deposited with the Public Guardian.

Mr LLEWELLYN - In 2014 Advocacy Tasmania released a paper regarding the Public Trustee's fees and charges. I know you have mentioned some of these aspects and you have done a review. The Attorney-General undertook to consider that review and as a result of that you have now readjusted your fees and charges. How do you fit in the national agenda?

Dr GOODWIN - I think one of the lowest now.

Mr BENBOW - We are among the lowest. We are neither the lowest nor the highest.

Dr GOODWIN - In the middle then.

Mr BENBOW - It is a difficult thing because some of those fee structures are very different. For example, I think Queensland and Western Australia have a flat fee structure, so how do you compare that with a commission-based structure? We went through a process of analysing all that with Treasury through a model and then asking, on the average client where do you sit?

Mr BACON - When you talked about domestic violence leave before, it is personal leave. Effectively, if you use that leave it means you have less other days of leave. Is that a fair point?

Ms DOUGAN - Yes, at this moment that is the case.

Mr BACON - Given the Treasurer's announcement, I am not sure of the date, that will mean in future you will have separate domestic violence leave?

Ms DOUGAN - Yes, absolutely.

Dr GOODWIN - I thank the board members of the Public Trustee for their hard work this year. I also thank the members of the committee for their interest.

CHAIR - With that, I declare this GBE scrutiny committee hearing closed.

The committee adjourned at 4.23 p.m.