

VICTORIA

The Brumby Dump: State Trustee report kept a secret

The Victorian Treasury is refusing to release a report on how State Trustees administers the financial affairs of vulnerable Victorians, writes **Skye Castle**.

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The Victorian Treasury is refusing to release a report on how State Trustees administers the financial affairs of vulnerable Victorians. The State Trustees in its annual report states that after a 2008 review of its business on behalf of

Treasury, the Essential Services Commission was directed to look at what it cost State Trustees to manage the affairs of its vulnerable clients, who include the elderly, disabled, mentally ill and those suffering from injury. However, neither the 2008 review nor the ESC report has been made public. Contacted by *Crikey*, an ESC spokeswoman said "we gave them advice not recommendations". She did not elaborate on the distinction. The State Trustees referred all queries about the reports to the Department of Treasury and Finance. And the Department of Treasury and Finance told *Crikey*: "The report you refer to is confidential advice to the Department of Treasury and Finance. As such, we will not be releasing it or commenting on its findings at this stage." State Trustees manages the affairs of those who are unable to do so themselves. Its services are the subject of a Community Services Agreement with the government, which netted the agency \$16.1 million in the 2009/2010 year. The State Trustees most recent annual report states that the agency

wrote 2413 wills, and lodged more than 6500 income tax returns and administered the affairs of 9000 Victorians who were unable to do so themselves. The 2009/2010 financial statements showed that the largest item of revenue for the trustees was commissions and fees, tallying \$41.25 million, up from \$39.8 million in the previous year. The report also noted that the State Trustees had reached a mediated settlement of a class action, sponsored by the Australian Securities and Investment Commission, which arose out of the State Trustees involvement in the failed Westpoint company Market Street Mezzanine Limited. Under the settlement, the State Trustees paid \$13.5 million in compensation to 525 investors. The ESC review of State Trustees that the Government is refusing to release is the latest in a string of reports dating back to 2000 in to how the State Trustees does its job. While the State Trustees and the Department of Treasury would not reveal anything about the report, a spokesperson for State Trustees indicated the agency hopes for more money

from Government, saying: "State Trustees hopes the review will result in a funding model which more accurately reflects the actual cost of service delivery under the Community Service Agreement." In 2000 The Auditor General did a performance audit of the organisation and found that the commission fee charged by Victoria when disposing of clients' property was "clearly higher" than that levied by similar organisations in other states, although other fees compared favourably. The Auditor-General also identified problems with poor communication with clients, delays in resolving issues and delays in making payments. Of an average 269 complaints per year received by State Trustees, an average of 39% were found to be justified. The State Trustees introduced changes as a result of the Auditor-General's recommendations, including reductions in fees and capital commissions and greater transparency. But asked by *Crikey* last week whether the issue of high commissions had been addressed, a spokesperson for State Trustees said only that fees and charges were

reviewed annually. "All State Trustees fees are gazetted and governed by legislation. We do not charge above gazetted fees." In 2003, the Ombudsman conducted an [investigation](#) into 18 matters because, as the Ombudsman put it "sections of the public had become fearful of what they saw as unnecessary intervention in the lives of elderly people". The Ombudsman investigated a total of 127 allegations, and found 54 fully or partially substantiated. Most related to administrative delay and poor communication with clients. He found that there were "gaps between policy and practice" at the State Trustees, and one substantiated case of improper conduct. The Ombudsman said "it is clear that the key issues identified by the Auditor General continue to be the subject of complaints, despite improvements in processes." In its most recent annual report, the State Trustees claim that surveys show that more than 75% of State Trustees' retail services clients would recommend its services to others. The report also says that State Trustees have spent more than \$2.3 million in

marketing and advertising which has included a major rebranding and new logo. Julie Elliot, the chair of State Trustees, states that "the new brand is much more meaningful and modern". Along with the rebranding, State Trustees has also refreshed its core purpose and vision. The new brand promises that it operates "with your interests at heart". The report predicts that

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