

## **Whistle-blower tells of Incompetence and Waste by Guardians – John Mayger**

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The NSW Guardianship authorities have been cheating their clients - and the Federal Government - out of more than \$1 million a year, a former Commonwealth auditor turned whistle-blower claimed yesterday.

Mr John Mayger, formerly an internal auditor with the Department of Social Security (now Centrelink), said an audit five years ago of the offices of the Public Guardian and the Protective Commissioner (OPG and OPC) uncovered "at best a flagrant dereliction of duty of care and at worst a clear case of fraud".

He said the authorities had failed to accurately assess clients' pension entitlements, had mishandled benefits such as telephone, travel and health cards, and was not even aware of the correct addresses of many of the thousands of people in their care.

Mr Mayger made the claims in a submission to a parliamentary committee which is examining the need for wholesale reforms to the two statutory authorities.

Between them, they are responsible for more than 11,000 people deemed incapable of looking after their own affairs through disability or mental illness, and the management of around \$2 billion in assets.

He said that staff of the offices were "hostile and confrontational" during the 1995 audit and refused to put in place management systems to prevent the waste and ensure compliance with Centrelink requirements. As far as he knew, the abuse continued today.

In a sometimes noisy opening session, attended by about 60 carers of people subject to guardianship, claims were made of fraud, theft, mismanagement of estates and the squandering of millions of dollars on extravagant and unnecessary legal action.

There were cheers from witnesses and spectators when Ms Paddy Costa, founder of the 800-strong lobby group COPPA (Carers of Protected Persons Association), called for the abolition of the two authorities and an investigation into "corruption and theft by the OPC and the OPG".

Ms Costa accused one former OPG official - subsequently jailed for embezzlement - of stealing gold coins from the safe of one of the office's clients. She said another woman, whose \$3 million estate was being managed by the OPC, was forced to beg for food parcels from the Salvation Army because she was only allowed \$100 a week to live on.

She said that "totally ill-equipped" grade 3 clerks - "pen-pushers" - were placed in charge of the financial affairs of up to 150 clients each, managing estates worth up to \$50 million. The young official in charge of \$2 billion in investments had no formal qualifications.

Other witnesses described "arrogant" staff who refused to take phone calls, reply to letters or provide financial statements, endemic accounting errors resulting in overpayments of tens of thousands of dollars, tax bills of up to \$300,000 due to poor financial planning, and returns on investment well below market rates because of concealed OPC "commissions" of up to 29 per cent and failure to invest in the stock market.

In other evidence relatives of a man then aged 83 and suffering from severe dementia, diabetes and incontinence described how they were forced to spend \$25,000 in court costs rescuing him from the remote rural property without running water where he had been consigned to the care of friends with no medical training.

The father of a 36-year-old woman severely brain-damaged in a car accident described how he had been assured by lawyers and financial advisors that a \$2.5 million damages award would be enough for her care for the rest of her life. The money had been so badly mismanaged by the OPC it was now expected to run out in seven years.

Note:

Further information was provided by John Mayger in a submission to the **2006-2007 Older People and the Law Inquiry** that showed nothing had changed since 2000.