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Watchdog claims the Public Trustee of Queensland continues to breach its fiduciary duties

A report earlier this year found the Public Trustee overcharged hundreds of clients and made questionable financial decisions. But the promise of a new board is yet to eventuate, with fears a 'once-in-a-lifetime' opportunity for reform will be lost.



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Public Trustee of Queensland chief executive Samay Zhouand

The embattled Public Trustee of Queensland continues to breach its fiduciary duties seven months after a litany of disturbing problems were exposed, according to an independent government watchdog.

A promised new "Public Trustee board" to provide fresh oversight and direction to the chronically-troubled agency has also failed to materialise yet despite a pledge by Attorney-General Shannon Fentiman in March this year.

Fentiman made the announcement after the Public Advocate released a blistering report calling for a wide-ranging overhaul of the PTQ, which manages nearly \$3bn in assets for more than 10,000 clients.

It found that the PTQ routinely overcharged hundreds of vulnerable clients, worked against their interests and made questionable financial decisions. A set of 32 recommendations were made to address the problems and boost transparency.



Public Trustee of Queensland chief executive Samay Zhouand.

But the Public Advocate, now headed by John Chesterman, revealed in August that the PTQ “rejected key findings and recommendations of the report, particularly those dealing with breaches of fiduciary duties”.

PTQ chief executive Samay Zhouand, who apologised for the shocking performance failures, has vowed to undertake a review of fees and charges this year to ensure they are fair.

Yet Chesterman warns that the review “could be a waste of time and resources without the government having first settled critical policy decisions, such as the proportion of earnings on clients’ funds that the Public Trustee is permitted to retain for its own purposes”.

“The Public Advocate urges the Queensland government to act swiftly to ensure the Public Trustee immediately ceases all activities that constitute breaches of fiduciary duty and other unacceptable practices,” he said.

“This is a once in a lifetime opportunity for the Queensland government to reform the Public Trustee to transform it into a modern, transparent and accountable trustee agency that has the trust and confidence of the Queensland community.”

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A PTQ spokeswoman on Tuesday rejected the criticism, maintaining that the agency “is and always has been, fully compliant with its duties owed to its customers as a trustee and fiduciary”.

A spokeswoman for Ms Fentiman said the government will introduce a bill to parliament “soon” to create the board. But she did not specify when that would happen or why it had still not occurred.

Meanwhile, the PTQ annual report released this week touted its “customers first strategy” and “five year strategic plan” but made no mention of Fentiman’s planned new board.

It revealed that the statutory authority returned to the black in the year to June 30, generating a \$2.2m operating result. That followed a \$12m loss the previous year.

Total revenue increased nearly 30 per cent to \$21.7m.

But the report shows the PTQ suffered a \$17.5m “fair value loss” on an investment in a new QIC managed fund and it warns that an unspecified “budgetary deficit” looms in the current financial year.

It also shows that Zhouand’s compensation package fell from \$522,000 to

It also shows that executive compensation package fell from \$22,000 to \$402,000.

Last month the PTQ announced that it will relocate its Brisbane CBD headquarters to 410 Ann Street from 444 Queen Street, where it has been based for more than 45 years. Two other regional offices are also on the market.

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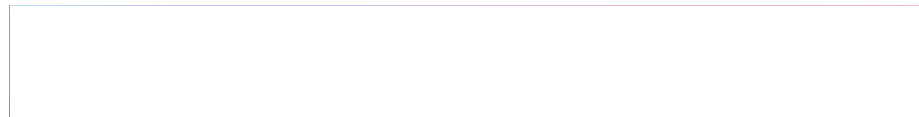
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