

IPART RECOMMENDS LOWER FEES FOR THE OFFICE OF THE PROTECTIVE COMMISSIONER

Embargoed until 10am Wednesday 25 February 2009

Sydney: February 25, 2009: The Independent Pricing and Regulatory Tribunal (IPART) has recommended that certain fees paid to the Office of the Protective Commissioner (OPC) be capped at significantly lower levels than at present.

The new caps are designed to reduce cross-subsidisation between OPC clients that exists in the current fee structures.

In a report issued today, IPART has recommended the shortfall in funding created by the introduction of lower caps be met by the NSW Government.

IPART has also recommended a range of reforms to other fees and to performance indicators.

IPART CEO, Mr. Jim Cox, said “The key recommendation on the fee structure for directly managed clients is the reduction of the cap from \$50,000 to \$15,000. This would significantly reduce the cross subsidy paid by high net worth clients by an estimated \$3.1 million each year.”

“The key recommendations for privately managed clients is the introduction of a cap of \$2,000 on the annual income fee, and the exemption of all pension payments from income fees up to the level of the Centrelink Single Aged pension amount,” he said.

Mr. Cox said the cap on the income fee would reduce the cross-subsidy paid by privately managed clients with high net worth by around \$1.4 million each year.

Mr. Cox said: “IPART has not adopted a fee-for-service model for the OPC at least at this stage, and has proposed reform of the existing structure to reduce cross-subsidization and to deliver a transparent fee structure.”

“Funding increases by the Government would be needed to enable the Office of the Protective Commissioner to remain in a sound financial position, and allow it to continue to perform the vital social welfare role it plays in our community,” he said.

The annual base funding of the OPC would vary over time, adjusted each year for inflation in NSW, changes in client numbers and efficiency factors. A further adjustment to funding might also be necessary if investment fees fall short of expectations in the current negative investment environment.

The Protective Commissioner is an independent public official appointed under the Protected Estates Act 1983 (NSW) to administer and protect the financial affairs of around 9,000 people who are unable to make their own financial decisions.

The Protective Commissioner is also responsible for around 2,500 private managers who are appointed to administer the affairs of protected persons as well as acting as banker for about 700 other clients. It has about 250 staff.

About 80 per cent of the OPC's clients are assigned to it from the Guardianship Tribunal and about 10 per cent from the Mental Health Review Tribunal.

The implementation of IPART's recommendations, including timing issues, is the subject of the Government's response, also released today by the NSW Attorney General The Hon. John Hatzistergos, BEc LL.M. MLC.

The *Review of Fees of the Office of the Protective Commissioner* is available on IPART's website <<http://www.ipart.nsw.gov.au>>.

For further information, contact:

James Cox, Chief Executive Officer and Full Time Member Tel (02) 9290 8411

Media contact: Tony Rasman 0418 208770.