

Queensland Public Trustee  
**Proposed fees and charges  
reform for key services —**  
public consultation paper



Public  
Trustee



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### Acknowledgments

We acknowledge the Australian Aboriginal peoples and Torres Strait Islander peoples of this nation, the traditional custodians of these lands. We pay our respects to First Nations peoples, their ancestors, their spirits, and their legacy which give strength, inspiration and courage to current and future generations, both Indigenous and non-Indigenous, towards creating a better Queensland.

## Have your say

State-wide consultation is occurring, and input and feedback is being sought from all Queenslanders, customers, and government and non-government stakeholders.

You can provide feedback by answering the questions in the consultation paper and sending a written submission to:

- email: [FeesandChargesProject@pt.qld.gov.au](mailto:FeesandChargesProject@pt.qld.gov.au)
- post: Queensland Public Trustee  
Fees and Charges Project  
GPO Box 1449  
Brisbane, QLD, 4001

More information is available on the Fees and Charges Reform page at [www.pt.qld.gov.au](http://www.pt.qld.gov.au)

The closing date to submit a response is **Wednesday 8 May 2024**.

## Your privacy

The Queensland Public Trustee is bound by the *Information Privacy Act 2009*.

Information in your submission will be used to inform government decisions. Formal written submissions may be published on the Queensland Public Trustee website along with a summary of the consultation feedback.

We will regard the information you provide as public, unless you tell us you would like your submission to be treated confidentially, or we determine your submission should be confidential for other reasons. If you would like your submission—or any part of it—to be treated as confidential, please indicate this clearly. Please note however that all submissions may be subject to disclosure under *the Right to Information Act 2009*.



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## List of acronyms

AFCT	Australian Foundation for Charitable Trust
ASF	Additional services fee
DGR	Deductible Gift Receipts
EBIT	Earnings before interest and taxes
IO	Incidental outlays
SUOE	Standard Units of Effort
PFA	Personal financial administration
PFAF	Personal financial administration fee
PMF	Property management fee (for real estate)
PT Act	<i>The Public Trustee Act 1978</i>
PTIF	Public Trustee Investment Fund
QCAT	Queensland Civil and Administrative Tribunal





# 1 Executive summary

The Queensland Public Trustee (QPT) provides important services for Queenslanders. It is proposing to introduce significant changes to fees and charges for the first time in over 22 years. Community feedback is invited on proposed fees and charges changes to its key services.

This paper is a key part of QPT's public consultation regarding fees and charges. It provides a comprehensive analysis of the existing fee structure, identifies key issues affecting their effectiveness, and presents various reform options for consideration.

The paper focuses on the three key services offered by QPT on a fee-for-service basis.

- Financial management services: assisting customers with impaired capacity for financial decision-making.
- Deceased estate administration services: acting as executor or administrator of a deceased estate and assisting private executors.
- Trusts administration services: providing trustee services for a range of trusts including minors trusts, testamentary trusts, and large philanthropic charitable trusts.

Will-making services are currently offered to all Queenslanders at no cost. QPT is not proposing to charge for will-making services at this time due to the current cost-of-living challenges, but welcomes community feedback on this matter.

Community service obligations (CSOs) are an integral part of QPT's commitment to serving the community. Fee rebates play a vital role in ensuring everyone (regardless of their financial circumstances) has access to the essential services they require. QPT is not proposing to change the current fee rebate for financial management customers but welcomes community feedback with a view to ensuring the long-term sustainability of the program.

This paper supports the community and stakeholders to provide informed feedback, which will be integrated into the decision on QPT's fees and charges.

This paper presents the current fee structures and proposes two options for each key service area. To develop the options in this paper, QPT investigated the services and fee structures of other public trustees and private providers. Further, it undertook extensive data analysis to align fees to service costs, incorporating insights from frontline staff and subject matter experts. The paper details the rationale behind each option and outlines the potential impact on the government and the community.

## *Context and challenges*

QPT was established to operate on commercial principles but with recognition that some services would be provided at reduced fees to increase the social good. The funding model had not changed significantly for over 100 years. Until recently, QPT was the only public trustee in Australia that was fully self-funded.

QPT generates income to cover operating costs from two main sources:

- Fee revenue for services provided.
- Earnings on estate and trust money invested in the Common Fund where QPT retains the interest rate differential. Additionally, QPT gets investment return from the accumulated surplus.

QPT invests all customer money in a Common Fund and pays customers the interest rate prescribed by regulation. Any difference between the Common Fund's actual investment return and the prescribed interest rate is called the 'interest differential'. The operation of the

Common Fund and methodology for setting the prescribed interest has evolved over the years to align with stakeholders' expectations. The revenue from the interest differential is used to subsidise services provided on non-commercial terms to benefit the community.

In financial year 2022-23 (FY23), QPT's CSO costs totalled \$42.9 million (\$M), of which \$34.4m represented fee rebates for customers with limited assets. QPT's structured fee rebate policy supports customers with limited assets. This policy caps their total fees (excluding special fees and any outlays) for financial management and trust services at 5% of their assessable asset value.

In reforming fees and charges, QPT is seeking to address two critical challenges:


- QPT's fees have been the subject of public scrutiny and debate over a number of years. The 2021 Public Advocate's report, *Preserving the financial futures of vulnerable Queenslanders: A review of Public Trustee fees, charges, and practices*, (the Public Advocate's report) found that while many financial management customers receive a high level of service for very little or no cost, a small proportion of the customers are paying higher fees with little or no rebate. The report highlighted the need for improvement and clarity about how QPT fees are charged and communicated to customers, and making sure customer fees and rebates are fair and equitable across financial management customers.
- There is a need to strengthen QPT's financial sustainability. While QPT can no longer sustain operations as a fully self-funded organisation, it still needs to improve cost recovery across many services. The substantial cost of the fee rebate provided to financial management customers is a significant factor impacting QPT's financial deficit. Over many years, QPT has responded to the increasing need to support a growing number of vulnerable customers and cost-of-living pressures, by establishing and increasing rebates on the fees it charges customers.

### *Reform objectives*

The objectives of QPT's fees and charges reform are to:

- Take all practical steps to ensure that customers pay no more in fees than what it costs QPT to provide the service.
- Ensure any fee increases consider both social implications, including cost-of-living challenges, and QPT's long-term financial sustainability.
- Increase cost recovery from deceased estates, while ensuring that any transition to higher fees occurs gradually to prevent a significant restriction of access for vulnerable customers.
- Simplify QPT's fee structures to make them easier to understand.
- Ensure that any subsidy provided to customers is a deliberate government decision that balances the public interest and the cost of CSO commitments.

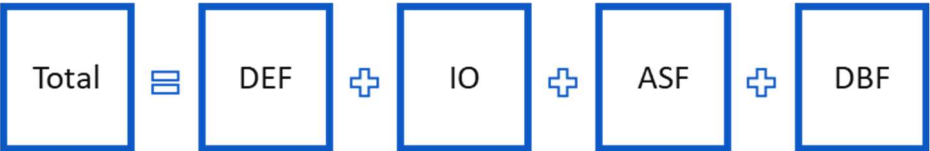
## Financial management services

<p>About the service and customers</p>	<p>Financial management services provide personal and ongoing support to a person with impaired decision-making capacity, due to disability, illness, or injury. A financial manager can help customers to create a budget, pay bills, manage assets (cash, shares, and property), apply for government benefits, and make financial decisions, such as selling a home.</p> <p>QPT's financial management services represents the largest of its service offerings. In FY23, QPT served a total of 10,596 financial management customers. Among these customers, 95% were appointed to QPT as the financial administrator due to court or tribunal determinations of impaired decision-making capacity. QPT often assumes this role when suitable family members or friends are unavailable to take on financial administration responsibilities, and where private trustee companies will not accept administration.</p> <p>A substantial portion of QPT's financial management customers rely on government support payments as their primary source of income. Approximately 90% of these customers receive pension benefits. Only 10% of them have an annual income exceeding \$38,000. Most of these customers fall into the low to moderate wealth category, with less than 10% owning property and less than 30% possessing total assets exceeding \$100,000.</p> <p>Over 75% of financial management customers qualify for fee rebates. This situation is escalating, with demand for financial management services growing at a steady rate of 2% per annum, with the growth primarily related to customers with limited assets. In FY22, 59% of the fee revenue from financial management services was rebated.</p>
<p>Current fee structure</p>	<p>The total financial management fee is currently calculated by summing the individual fees associated with each service component, as follows:</p> <div style="text-align: center; margin: 10px 0;">  </div> <ul style="list-style-type: none"> <li>• <b>Personal financial administration fee (PFAF)</b> is an annual fee for providing core services, including customer engagement, income collection and bill payment. It is divided into six support levels based on the customer's living arrangements, whether QPT manages their main source of income, and how much contact the customer has with QPT. These factors are used because they are good predictors of the amount of work involved in providing the services.</li> <li>• <b>Asset management fee (AMF)</b> is an annual fee for managing a customer's assets (and liabilities excluding real property) productively. This includes a yearly review of performance, applying current market knowledge, developing and updating investment strategies, and managing risks. It is determined by the value of a customer's assessable assets (excluding the value of real estate property, motor vehicles, and household items), applied to 14 bands of asset value.</li> <li>• <b>Property management fee (PMF)</b> is an annual fee supporting QPT's costs of managing real estate assets.</li> <li>• <b>Incidental outlays (IO)</b> is an annual fee that contributes to QPT's general administrative costs for customer accounts.</li> <li>• <b>Additional services fee (ASF)</b> is an hourly charge for services, such as dealing with customer's business and other activities undertaken by QPT, for which no fee has been set in QPT's fee notice.</li> </ul>

Key issues	The Public Advocate’s report identified a range of issues, including the overall level of fees charged for personal financial administration and asset management services, a lack of transparency about what services customers receive for their fees, and a lack of clarity on how and when customers are charged a particular fee.
Reform objectives	The proposed changes take all practical steps to ensure that financial management customers pay no more in fees than what it costs QPT to provide the service. For all customers, QPT seeks to match fees with service costs, taking into consideration the complexity, responsibility, and skills required to perform the service. QPT also seeks to simplify the fee structure.
Options	<p>The proposed changes to financial management fees focus on addressing issues relating to fees charged for personal financial administration and the charging methodology for asset management services.</p> <p><b>Option 1 (preferred)</b> delivers substantial fee reductions, addressing concerns with personal financial administration fees and asset management fees. Recognising the current cost-of-living challenges, where the current fees are less than the cost of service, this option would minimise the impact on customers by only allowing increases in line with inflation.</p> <ul style="list-style-type: none"> <li>• The personal financial administration fee for levels 5 and 6 would reduce significantly. Level 5 fee would reduce from \$6,630 to \$4,932 per year. The level 6 fee would reduce from \$9,283 to \$7,731 per year.</li> <li>• The personal financial administration fee would include a basic level of asset management service - up to five hours of asset management services per year (excluding the management of real estate property).</li> <li>• Any customer requiring additional asset management services would incur an additional hourly fee.</li> <li>• Incidental outlays would be abolished.</li> </ul> <p><b>Option 2</b> is the same as Option 1, except the personal financial administration fee for levels 1 and 2 would increase to align with service costs.</p> <ul style="list-style-type: none"> <li>• Personal financial administration fee for level 1 would increase from \$1,325 to \$1,779 per year.</li> <li>• Personal financial administration fee for level 2 would increase from \$2,123 to \$3,463 per year.</li> </ul>
Analysis of options	<p>Both options would:</p> <ul style="list-style-type: none"> <li>• Align personal financial administration fees to service costs, leading to a more equitable outcome for customers.</li> <li>• Address stakeholder concerns in relation to the current asset management fee being high relative to the actual workload.</li> <li>• Provide a positive resolution to stakeholder concerns that including superannuation and nursing home bonds in the assessable asset calculation led to higher asset management fees.</li> <li>• Provide a contemporary fee structure that is easy to understand, with 95% of customers no longer having to pay a separate fee for asset management. The remaining 5% of customers may have additional fees related to an investment property or additional fees for asset management services amounting to over five hours annually.</li> </ul>

	<p>Under Option 1:</p> <ul style="list-style-type: none"> <li>• All customers would be either better or no worse off in real terms (after adjusting for inflation).</li> <li>• Around 25% of the customers would obtain a significant fee reduction of over \$200 per year.</li> <li>• Customers with higher asset values would benefit due to reductions in personal financial administration and asset management fees.</li> </ul> <p>Under Option 2:</p> <ul style="list-style-type: none"> <li>• More than 97% of customers would be either better off or no worse off in real terms (after adjusting for inflation).</li> <li>• Around 216 customers would pay higher fees. These are mostly personal financial administration level 2 customers residing in aged care or hospital. For around 175 of these customers, the fee increase (after accounting for any fee rebate) would be less than \$200 a year.</li> <li>• As with Option 1, customers with higher asset values would benefit due to reductions in personal financial administration and asset management fees.</li> </ul> <p>The proposed reform would result in a significant reduction in QPT's annual revenue, in the order of \$8.9m under Option 1 and \$7.9m under Option 2. QPT could not sustain such a reduction in revenue for an extended period and maintain critical frontline services. Therefore, if changes are approved, the implementation of the proposed reform would require additional funding.</p>
Preferred option	QPT recommends Option 1, as it leaves all customers either better or no worse off in real terms after fee rebates, which is an important consideration with current cost-of-living challenges.

## Deceased estate administration services

<p>About the service and customers</p>	<p>The administration of a deceased estate involves managing the assets and liabilities of a deceased person and distributing their estate according to their Will or the laws of intestacy.</p> <p>In Queensland, there are both public and private providers of deceased estate services. QPT is one of many professional providers across the State. Other providers include private trustees, law firms, and individual providers.</p> <p>Administration of deceased estates is the second largest service area of QPT. Typically, QPT acts as the personal representative or administrator in the full administration of a deceased estate. Many of the estates managed by QPT are small, below the size that private providers would find profitable to manage. Less than 15% of deceased estates managed by QPT have more than \$400,000 in asset value, and around 52% have less than \$50,000.</p> <p>Law firms and individual providers tend to handle estates of moderate value, typically larger than those taken on by QPT.</p> <p>Without QPT's affordable services, some customers would likely need to rely on family or friends to administer their deceased estates.</p>
<p>Current fee structure</p>	<p>The current fee structure is designed to ensure that the total fee reflects the complexity and effort required for handling each unique estate. The resources needed for deceased estate administration can vary considerably depending on several factors, including the size and complexity of the estate, whether a Will or trust exists, the number and types of assets held within the estate, the number of beneficiaries, and the presence of any legal disputes.</p> <p>The total deceased estate administration fee is currently calculated by summing the individual fees associated with each service component, as follows:</p> <div style="text-align: center; margin: 10px 0;">  <p> <span style="border: 1px solid blue; padding: 5px; margin: 0 5px;">Total</span> <span style="font-size: 1.2em;">=</span> <span style="border: 1px solid blue; padding: 5px; margin: 0 5px;">DEF</span> <span style="font-size: 1.2em;">+</span> <span style="border: 1px solid blue; padding: 5px; margin: 0 5px;">IO</span> <span style="font-size: 1.2em;">+</span> <span style="border: 1px solid blue; padding: 5px; margin: 0 5px;">ASF</span> <span style="font-size: 1.2em;">+</span> <span style="border: 1px solid blue; padding: 5px; margin: 0 5px;">DBF</span> </p> </div> <ul style="list-style-type: none"> <li>• <b>Deceased estate fee (DEF)</b> is the main component of the total fee for deceased estate administration. In simple terms, it is calculated by summing individual fees for distinct activities within the overall process, to reflect the specific effort required for each case.</li> <li>• <b>Incidental outlays (IO)</b> is an annual fee that contributes to QPT's general administrative costs for customer accounts.</li> <li>• <b>Additional services fee (ASF)</b> is an hourly charge for services, such as dealing with customer's business and other activities undertaken by QPT, for which no fee has been set in QPT's fee notice.</li> <li>• <b>Deceased beneficiary fee (DBF)</b> applies to cover the cost of distributing funds held for a beneficiary who is also deceased.</li> </ul>
<p>Key issues</p>	<p>QPT's current charging model for deceased estate services does not reflect the true cost of providing these services. QPT's deceased estate business has consistently operated significantly below cost recovery level for many years, with cost recovery continuing to decrease. In FY22, QPT recovered approximately 61% of the cost of providing deceased estate services. Over the past decade, the cost recovery rate for simple matters typically associated with low-value estates has fluctuated at around 40%.</p>

Reform objectives	Increase cost recovery from deceased estate services, while ensuring that any transition to higher fees occurs gradually to prevent a significant restriction of access for vulnerable customers. Additionally, fee reform should encourage low-cost providers to enter the market and provide services to customers with low-value estates.
Options	<p><b>Option 1</b> is a commission-based fee structure where the main component of the fee is linked to the deceased estate's assessable asset value. Most public trustees in Australia use commission-based fee structures for deceased estate administration, but with different commission rates.</p> <p>Following are the key characteristics of this option:</p> <ul style="list-style-type: none"> <li>• The estate administration fee is a one-time fee, calculated as a commission on the deceased estate's assessable asset value, which is equal to the total asset value minus half the value of the principal place of residence (if any).</li> <li>• The estate administration fee is calculated by totalling: <ul style="list-style-type: none"> <li>○ 6% for the first \$75,000</li> <li>○ 5% for the next \$425,000</li> <li>○ 4% for the next \$500,000</li> <li>○ 2.5% for the next \$1m</li> <li>○ 1.5% of asset values beyond \$2m.</li> </ul> </li> <li>• If the commission on the assessable asset is less than \$3,500, a minimum fee of \$3,500 would apply (before accounting for any fee rebate).</li> <li>• There is a structured fee rebate policy that caps the total fee to the maximum of either \$1,500 or 6% of the estate's assessable asset value.</li> </ul> <p><b>Option 2 (preferred)</b> is an updated version of the current fee structure. It simplifies the current fee structure and at the same time updates the schedule containing individual fees for distinct activities.</p>
Analysis of options	<ul style="list-style-type: none"> <li>• Changes in fees would not affect estates currently under administration.</li> <li>• Under the preferred option (Option 2) fees would remain among the lowest in the market.</li> <li>• Most customers with estates valued over \$300,000 (nearly a quarter of estates under administration annually) would pay more in fees under Option 1. Nearly all would pay more in fees under Option 2.</li> <li>• Despite the broader fee increase, Option 2 would result in a fairer system for all customers as fees are more closely aligned to the cost of services provided.</li> <li>• Under Option 2 fees would increase by approximately 50% for estates valued up to \$25,000.</li> <li>• Under Option 1, for estates valued under \$25,000, the cost of the service would not be recovered, and the shortfall would be met by an alternative funding source.</li> <li>• Option 2 would recover more than 90% of the service cost, while Option 1 would only recover 70%. Option 2 is better aligned with the reform objective of improving QPT's financial sustainability.</li> </ul>
Preferred option	QPT recommends Option 2, as it would result in a more equitable outcome for all customers and is better aligned with the reform objective improving QPT's financial sustainability.

## Trust administration services

<p>About the service and customers</p>	<p>A trust is a legal arrangement where a person or corporation is appointed to hold and manage the assets in the trust on behalf of the beneficiaries according to the terms and conditions specified in the trust document.</p> <p>Trust administration involves managing the assets and affairs of a trust, ensuring compliance with legal and fiduciary responsibilities, and fulfilling the intentions of the person who established the trust.</p> <p>In Queensland, a diverse range of entities provide trust administration services, including law firms, private trustees, banks, and other financial institutions.</p> <p>QPT occupies a unique position in serving customers with low-value trusts. Currently, QPT manages a sizeable portfolio, encompassing over 4,700 trusts, including testamentary, charitable, minors, and other trusts.</p> <p>Minors trusts account for approximately 65% of the total trusts administered by QPT. Notably, around half of the minors trusts have asset values below \$10,000. Many of QPT's low-value trust customers would struggle to find alternative providers in the private sector.</p>
<p>Current fee structure</p>	<p>Trustee fees are calculated using two different fee structures, depending on the type of trust involved:</p> <ul style="list-style-type: none"> <li>• For certain charitable trusts, the annual fee currently stands at 6% (excluding GST) of the trust's income.</li> <li>• Annual fees for all other trusts are determined using a fixed fee plus increment structure.</li> <li>• QPT's structured CSO policy complements this fee structure by providing fee rebates to customers with low-value trusts.</li> </ul>
<p>Key issues</p>	<p>The current fee structures for trust administration services pose several challenges, including cost under-recovery and a small number of customers paying more in fees than the service costs. Finding a fee structure that is both fair to all trust beneficiaries and affordable for those with smaller trusts is a difficult challenge for a public trustee with numerous low-value trusts.</p>
<p>Reform objectives</p>	<p>To take all practical steps to align trust fees with the cost of providing the service. This means fixing issues with the asset management fee and transaction-based service level fee. It also involves implementing a sustainable fee structure for managing Deductible Gift Receipts (DGR) charitable trusts, which will enable QPT to balance financial sustainability while fulfilling social responsibility.</p> <p>Further, any service provided on a non-commercial basis (where customers are given fee rebates) should increase the net social benefit.</p>
<p>Options</p>	<p><b>Option 1 (preferred)</b> is a commission-based fee structure with a minimum fee. This type of fee structure is commonly used by most service providers, enhances transparency, and allows customers to easily compare fees across different providers.</p> <p>Following are the key characteristics of this option:</p> <ul style="list-style-type: none"> <li>• The annual trust administration fee is calculated as a capital commission on the gross value of any trust assets (including real estate property). The fee is calculated by totalling: 0.5% for the first \$5m and 0.4% of trust asset values beyond \$5m.</li> <li>• If the capital commission is less than the minimum fee, the minimum fee would apply. The minimum fee is \$455 for minors and \$1734 for all other trusts except charitable trusts with sub-trusts. For charitable trusts with sub-trusts, the minimum fee would be calculated by multiplying \$1734 by the number of sub-trusts.</li> </ul>



	<ul style="list-style-type: none"> <li>• Additional service fees would remain as they are, under the current fee structure.</li> <li>• The CSO rebate would not apply to any new trusts, except for new minors trusts, which will have the same CSO arrangement as existing minors trusts. Existing CSO arrangements will continue to apply to all existing trusts.</li> <li>• QPT may not accept trusteeship of low-value trusts if, following consideration, there is an alternative solution beneficial to the customer.</li> </ul> <p><b>Option 2</b> is a simplified version of the current fee structure that seeks to address issues with the service level fee and asset management fee.</p> <p>Following are the key characteristics of this option:</p> <ul style="list-style-type: none"> <li>• A flat annual trust service fee would apply, depending on the type of trusts: \$423 for minors, \$1,951 for each charitable sub-trusts, and \$1,734 for all other trusts.</li> <li>• There is no asset management fee if the total gross value of the trust is less than \$50,000. After that, the annual asset management fee is set at \$581 for trusts with a value up to \$500,000. Then the fee is increased by an increment of \$581 for each \$500,000 in trust value. For example, the asset management fee for a trust with \$10,000 is \$0, for a trust with \$400,000 is \$581 and a trust with \$1.3m is \$1,743.</li> <li>• Property management fees and incidental outlays would be abolished.</li> <li>• Additional service fees would remain as they are under the current fee structure.</li> <li>• The CSO arrangement would be same as Option 1.</li> </ul>
Analysis of options	<ul style="list-style-type: none"> <li>• QPT's fees would remain among the lowest in the market.</li> <li>• The proposed fee options would impact customers differently based on their trust type and value.</li> <li>• Minors trusts would benefit from lower fees under both options.</li> <li>• Most other trusts would see some increase compared to current fees. For trusts valued under \$500,000, Option 1 typically offers lower fees than Option 2.</li> <li>• QPT's revenue would increase by \$130,000 in Option 1 and \$90,000 in Option 2. Cost recovery is expected to increase to 70% under both options, an increase of around 2%.</li> <li>• The cost of the structured fee rebate is currently \$1.7m but is expected to decrease slightly to \$1.4m under both options.</li> <li>• In recognition of the important work that charitable trusts with DGR status perform in the community, QPT is committed to keeping fees as low as reasonably possible.</li> </ul>
Preferred option	<p>QPT recommends Option 1. It is a commission-based fee structure, which is the industry standard. This would simplify the fee structure and make it more transparent. Option 1 would also have some of the lowest commission rates in the industry. Minors trusts will continue to receive appropriate CSO support.</p>

### *Will-making services*

A will-making service is a specialised service that helps individuals create Wills that specify how their assets and belongings will be distributed after their death. A diverse range of providers offer will-making services tailored to various levels of complexity and client preferences. QPT is the largest maker of Wills in the Southern Hemisphere. In FY23, QPT prepared a total of 15,461 Wills.

Traditionally, public trustees in Australia have provided universal will-making services free of charge, driven by several objectives:

- Promoting public interest through orderly property succession.
- Supporting disadvantaged individuals who might otherwise face unnecessary complexity and expense associated with intestacy.
- Engaging individuals who may require additional services.

All other public trustees in Australia have now restricted their free will-making services to either concession cardholders (such as full Centrelink Age Pension holders) or to customers who appoint them as executors of their deceased estates. Some stakeholders have raised concerns that QPT's free will-making service benefits Queenslanders who can afford to pay for a Will, questioning whether the public benefits of providing this service to some who can afford to pay, outweighs the associated cost.

The Queensland Government understands that the cost-of-living crisis is putting a strain on many people's finances. As a result, charging for Wills could see many people put off important tasks such as making a Will. Access to a free will-making service can help to make it easier for people to get this important task done, even if they are struggling financially. This service can help to ensure that all Queenslanders have access to justice, peace of mind, and reduced stress for loved ones. It can also help to reduce the costs for loved ones and provide essential help with estate planning. QPT is not proposing to charge for will-making services at this time but welcomes feedback from the community and stakeholders.

### *Conclusion*

The proposed changes to fees and charges would represent a significant step forward in QPT's fee reform. The proposed changes to fees for financial management services aims to benefit the vulnerable people using these services. The proposed increase in fees for deceased estate administration and trust administration services is consistent with changes that have been adopted by most public trustees in Australia. While these changes would result in many customers having to pay more for QPT's services, QPT's fees would remain among the lowest in the market. The table below shows the modelled impacts of the proposed fee changes on QPT's financial position (in \$M).

	Expense	Revenue after CSO base case	Revenue after CSO preferred option	Net impact
<b>Financial management services</b>	35.5	23.9	15.0	(8.9)
<b>Deceased estate administration services</b>	17.9	11.1	16.3	5.2
<b>Trust administration services</b>	4.3	2.9	3.0	0.1
<b>Total</b>	<b>57.7</b>	<b>37.9</b>	<b>34.3</b>	<b>(3.6)</b>

## 2 Context

### 2.1 About the Queensland Public Trustee

The Office of the Public Trustee (and previously the Public Curator) has been serving the people of Queensland since 1916. It is committed to delivering public services that enhance and protect the rights, dignity, and interests of customers and the community, including performing a key role in Queensland's guardianship and administration system.

Queensland's Public Trustee (QPT) is governed by the *Public Trustee Act 1978* (the PT Act).

QPT acts as a trusted and independent entity that can step in to ensure financial matters are managed with integrity, transparency, and professionalism. It provides essential support, services, and education to Queenslanders in financial administration, life planning, trusts, and deceased estate management. These essential services span from supporting the interests of individuals with impaired capacity for financial decision-making to offering affordable and accessible financial services to individuals and families across Queensland, especially when private options are costly or unavailable. QPT services are delivered across Queensland through a network of regional offices and in Brisbane.

Services provided by QPT:

- Financial administration and financial attorney services (financial management services): for those with impaired capacity for financial decision-making – assisting customers to manage their financial matters.
- Life-planning services: making Wills and Enduring Power of Attorney (EPA) documents and providing safe and secure storage of Wills and other life-planning documents.
- Deceased estate administration services: acting as executor or administrator of a deceased estate and assisting private executors to obtain grants of representation for deceased estates through the Probate Registry of Queensland's Supreme Court.
- Trusts administration services: providing trustee services for a range of trusts including testamentary trusts and family trusts. QPT also manages five leading philanthropic charitable trusts in Queensland, to support vulnerable Queenslanders, charitable organisations, and for education purposes.
- Taxation and investment services: providing advice, investment solutions, and taxation services to QPT and its customers to ensure the prudent management of funds.
- Legal services: providing legal services to QPT and several departments of the Queensland Government through the Official Solicitor – Corporate Legal Services and providing specialist advice and services to QPT customers through the Official Solicitor – Customer Legal Services.
- Property services: providing services as a fully licenced real estate agency and facilitating the sale of customers' vehicles, goods, and chattels.

Other functions of QPT:

- Administering unclaimed moneys for the State of Queensland: holding unclaimed money for Queenslanders who have lost touch with the organisation that owes them the money.
- Managing the estates of prisoners under Part 7 of the PT Act.
- Carrying out special functions of a public nature under Part 5 of the PT Act.
- Acting as an approved examiner of the accounts of private financial administrators and reporting to the Queensland Civil and Administrative Tribunal (QCAT).
- Acting as a nominated person for financial matters under an EPA.

## A snapshot of QPT activities in Financial Year 2022-23



**10,596**

Financial Management  
Customers



**1,811** Estates finalised,  
with funds distributed to  
the beneficiaries



**15,461**

Wills made at no cost to  
Queenslanders



**160,021**

Calls received at the  
Welcome Desk



**1,904** New Deceased  
Estates accepted for  
administration



**902**

Enduring Powers of  
Attorney made



**4,733**

Trusts administered



**413** Customer property  
sales managed



**11,357** Online  
appointments booked  
for life planning services



**\$3.5 million**

Scholarships approved for  
young Queensland  
Indigenous students



**77** Applications for  
Probate and Letters of  
Administration managed  
for private customers



**2,065** Claims processed  
and \$3.4 million paid out  
in unclaimed money

## 2.2 Fees and charges

Section 17 of the PT Act authorises QPT to fix fees and charges for its services. This section requires that fees and charges must be reasonable having regard to the circumstances in which the service is provided, particularly the type and complexity of the service performed, and the degree of care, responsibility, skill, or special knowledge required to perform the service. QPT sets fees and charges on an annual basis by tabling the Public Trustee (Fees and Charges Notice) (the Notice – Appendix 1) in the Queensland Parliament and publication of the Notice in the Queensland Government Gazette. New fees and charges commence on 1 July each year unless otherwise specified in the Notice. However, since 1 July 2021, the Notice has not been updated due to a freeze on all QPT fees.

QPT's current charging model was established in 2001 and has not been significantly updated since then, except for annual fee indexation, mostly in line with inflation (most recently using the Government Indexation Rate).

## 2.3 Community service obligations

### How the term 'community service obligations' is used in this paper

This paper uses the term 'community service obligations' (CSO) to describe dedicated initiatives funded by QPT, like free will-making services provided to community members and fee rebates given to customers with limited assets, to increase public good in a way not typically undertaken by commercial businesses.

This usage differs from the official definition adopted by Australian governments under the national competition policy reform. In this context, 'a community service obligation arises when a government specifically requires a government business enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors to generally undertake, or which it would only do commercially at higher prices.'

To avoid potential for misunderstanding during the public consultation, QPT is maintaining consistency with its past usage and the definition familiar to its stakeholders.

Community service obligations (CSOs) are an integral part of QPT's commitment to serving the community. They play a vital role in ensuring everyone, regardless of their financial circumstances, has access to the essential services they require.

- Notably, QPT maintains a structured fee rebate policy to support customers with limited assets. This policy limits total fees (excluding special fees and any outlays) for financial management and trust services to no more than 5% of a customer's assessable asset value.
- For financial management services the assessable asset value is calculated as the total asset value minus the value of the customer's principal place of residence. Furthermore, the property management fee charged on the customer's principal place of residence is fully rebated. Special fees, which make up less than 1% of the total fee for financial management customers, are often waived as discretionary CSOs if the customer is already at the fee cap.
- In addition, QPT offers discretionary CSOs that provide fee reductions and waivers on a case-by-case basis to assist customers who are experiencing hardship.

- For over 100 years, QPT has offered free will-making services to all Queensland residents. In financial year 2022-23 (FY23), over 15,000 Wills were prepared at no cost to customers.
- QPT provides public community education and advice to the courts and tribunals in areas such as financial administration. It also makes funding contributions to the Civil Law Legal Aid Scheme and the Office of the Public Guardian.
- Finally, QPT charges lower fees for services that provide significant social benefits, such as administering prominent charitable trusts.

### How does the structured fee rebate work?

John is a financial management customer who lives in a rented property. He has a bank balance of \$1,000 as his only asset. Without the rebate, John would need to pay \$6,630 a year for QPT's services. However, with the rebate John's annual fee is reduced to \$50 a year, which is 5% of his total asset.

Mary is a beneficiary of a trust with \$10,000 in assets. Without the rebate, the total trust fee would be \$1,187 a year, the sum of \$956 in trust service level fees, \$200 in asset management fees, and \$31 in incidental outlays. However, with the rebate, Mary's trust fee is reduced to \$531 a year, \$31 for incidental outlay, plus \$500 (which is 5% of Mary's trust value).

Until recently, QPT has been the only public trustee in Australia that was fully self-funded. Other jurisdictions receive funding for their CSO commitments. While targeted funding was recently provided to QPT for customer-focused initiatives and contributions to the Public Guardian and for the Civil Law Legal Aid Program, it does not receive CSO funding to subsidise services that are provided on a non-commercial basis. In FY23, the total cost of CSOs delivered by QPT was \$42.9m (see Figure 1).

Figure 1: Community service obligation (CSO) costs

Category of community service obligation	FY23 (\$M)
Fees rebated for customers with limited assets	34.4
Fees rebated for customers' principal place of residence and other property	0.5
Management of estates of prisoners	0.4
Public community education and advice to the courts and tribunals in the areas in which QPT has expertise	1.4
Providing a free will-making service to Queenslanders	4.5
Contribution to the Office of the Public Guardian	1.3
Civil Law Legal Aid – outlays written-off and administrative support	0.4
<b>Total</b>	<b>42.9</b>



## 2.4 Funding model

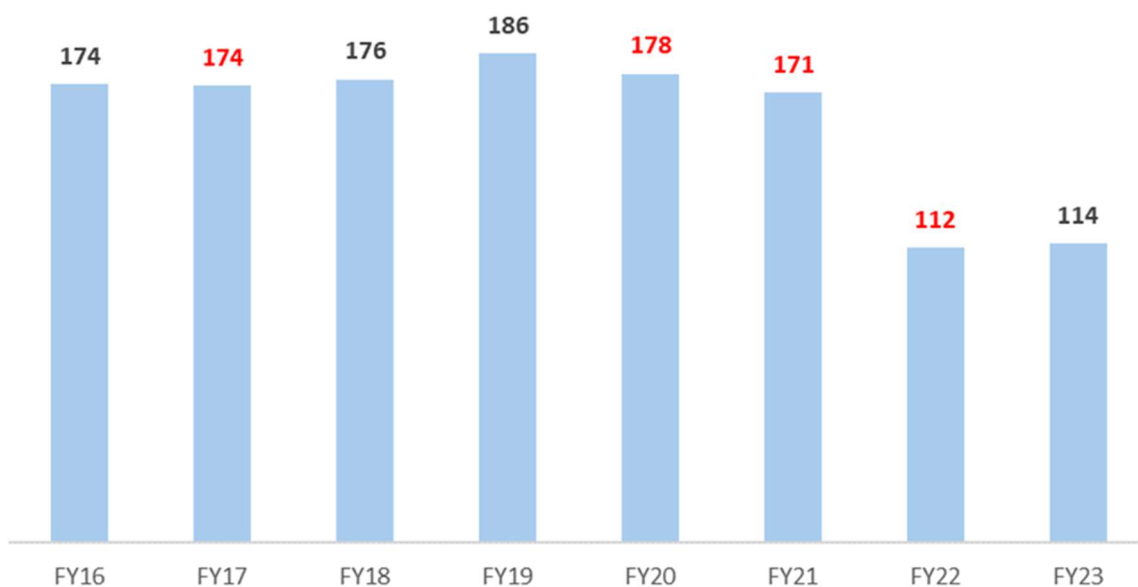
From inception, it has always been the policy intention that QPT would operate on a commercial basis because the services provide considerable benefit to customers. At the same time, there was recognition that QPT had a social obligation and governmental role in delivering services, such as financial management services and administering intestate estates, even in situations where complete cost recovery is not attainable. QPT's funding framework, initially articulated in Sections 17 (fees) and 18 (Common Fund) of the *Public Curator Act 1915*, underscores the recognition that certain services hold intrinsic value beyond mere financial considerations, contributing to the overall welfare of the community it serves.

Key sources of funding for QPT:

- The revenue from service fees is the primary source of funding for QPT. It has always levied fees for services, except for providing free will-making services for all Queensland residents.
- Earnings on estate and trust monies invested in the Common Fund where QPT retains an interest rate differential (see Section 2.4.1 for detail).
- Investment earnings from QPT's accumulated surplus.

Earnings from interest differential and funding from QPT accumulated surpluses are the key sources of funding of fee rebates provided to customers as explicit CSO and any non-commercial activity implicit CSO commitments. These sources of funding cover the gap between QPT operating and capital expenses and revenue from service fees. Figure 2 illustrates the changes in QPT's accumulated surplus since the end of FY16. Years with reduction in accumulated surplus are marked in red.

Figure 2: QPT's accumulated surplus (\$M)



### 2.4.1 Interest differential mechanism

The PT Act (and the former *Public Curator Act 1915*) includes a mechanism that allows QPT to earn additional revenue by investing money in a Common Fund. This approach mirrors the practice of financial institutions, which pool customer deposits to enhance returns through investments such as bonds and securities. QPT can earn a higher interest rate on

money in the Common Fund because it takes on greater risk. However, this risk is not borne by the customers as their investments in the Common Fund are protected by a government capital guarantee. This guarantee protects customers' investments even if QPT's management of the Common Fund results in capital losses. Therefore, under this arrangement QPT has been able to retain the earnings from interest differential. In 2018, QPT commissioned an independent review and found that interest rates payable for money held in the Common Fund are reasonable and competitive compared to the interest rates that customers would otherwise get if they sought transaction account and term deposit rates (on similar terms) at banks directly.

#### 2.4.2 QPT's accumulated surplus

Accumulated surplus is an accumulation of surplus revenues over many years in the past (including revenue from interest differential and return on investments). In recent years, QPT has been drawing down this fund to provide for customer rebates. QPT's accumulation of surplus is used for the following purpose:

- **Capital support allocation:** QPT maintains this allocation to support the government capital guarantee. This allocation covers potential losses that may occur due to fluctuations in the value of the Common Fund. The specific amount allocated for capital support varies based on the level of investment risk QPT faces in managing the Common Fund. The allocation is calculated to cover 95% of potential fluctuation in interest rates and equity prices, currently based on a 2% movement in interest rates across the yield curve for all maturities and a 20% decrease in growth assets within the Common Fund. The capital support allocation as of June 2023 is \$51.2m.
- **Income stabilisation allocation:** QPT maintains this allocation to address potential situations in which the returns on investments within the Common Fund may not be sufficient to cover the regulated interest rates paid to customers on their investments in the Common Fund. The allocation is based on an increase of 2% movement in interest rates based on current liabilities over a two-year period. The income stabilisation allocation as of June 2023 is \$47.5m.
- **General allocation:** This allocation is used to support the sustainability of QPT operations and to improve operational efficiency and service delivery. It contributes to operating expenses, such as funding some of the costs involved in meeting community service obligations. Additionally, the general allocation is used to fund capital investments, such as the business transformation program to enhance QPT digital capabilities. The general allocation as of June 2023 is \$14.8m.

## 3 Fees and charges in the context of wider reform

### 3.1 Context

The proposed changes to fees and charges outlined in this consultation paper represents a significant step forward in QPT's reform journey, aimed at transforming the organisation into a contemporary, inclusive, and people-inspired provider of state trustee services.

Over the past four years, commencing with the Customers First Strategy, QPT has made many changes to practices, policies, and temporary waivers to fees and charges. Additionally, it has restructured operations and strengthened organisational and investment governance frameworks. These changes are aimed at improving customer service, transparency, accountability and equity in fees and charges. They align with the significant reforms included in the *Guardianship and Administration and Other Legislation Amendment Act 2019* and the *Human Rights Act 2019* and address many of the concerns raised by stakeholders.

The timeline in Section 3.3 details some of the reform initiatives that have been implemented by QPT in the past four years. Some reforms relate to issues identified in the Public Advocate's report, *Preserving the financial futures of vulnerable Queenslanders: A review of Public Trustee fees, charges, and practices*, (the Public Advocate's report) released in March 2021.

The Public Advocate's report was the result of more than two years of work. QPT was actively engaged from the beginning, providing large amounts of information in response to numerous information requests and giving feedback on multiple drafts of the report (including a response to the final draft). Simultaneously, QPT embarked on a transformative reform agenda to modernise and streamline its operations and acted to respond to several issues highlighted in the report.

The proposed fee changes outlined in this consultation paper will consolidate and build on the improvements made to QPT's fees and charges over the past four years.

### 3.2 The Public Advocate's report

The Public Advocate's report was initially undertaken to explore concerns by financial management customers and their support networks about the level and types of QPT's fees. It focused on understanding the impacts of QPT's fees and charges on financial management customers with modest assets (e.g., a modest home and superannuation balance) and income, who were at risk of poor financial outcomes due to QPT's fees and charges. Subsequently, the review was broadened to examine policies and practices that the Public Advocate identified as broader systemic issues, such as investment policies, use of external financial advisors and the Official Solicitor, and use of client funds to earn revenue by means of interest differential.

According to the Public Advocate, 'the problems and issues identified in this report have developed over a substantial period of time and appear to primarily stem from the original funding arrangements for the Public Curator and the lack of clarity in the legislation about the scope and nature of conflict transactions permitted under the [Public Trustee] Act'. Also, 'many State and Public Trustees are agencies of long-standing that are proud of their histories but are also deeply conservative in their approach'. Many of the issues identified are not unique to QPT. These are systemic problems that also impact other public trustees to a greater or lesser extent.

QPT and the Queensland Government have already implemented several initiatives to improve the oversight of the QPT's operations and reduce actual and perceived conflicts of interest.

The initiatives established:

- Public Trustee Advisory and Monitoring Board: to monitor and review the performance of the Public Trustee's functions and provide advice and make recommendations to both the Minister and the Public Trustee about how the performance of these functions can be improved. The *Public Trustee (Advisory and Monitoring Board) Amendment Act 2022* sets out the establishment, functions, powers, and membership of this independent board.
- Public Trustee Investment Board: provides oversight and advice in the management of the Common Fund and the Public Trustee Investment Funds.
- Official Solicitor — Corporate and Official Solicitor — Customer roles: to minimise the risk of conflicts of interest and ensure dedicated focus on the delivery of customer-centric legal services.
- A referral program to assist financial management customers to apply to QCAT if they want to make their own financial decisions or for someone other than QPT to look after their money.
- An independent complaint review mechanism and a customer advocate office within QPT.
- Structured Decision-Making Framework: supporting customers' involvement in all decisions relating to them.

### **3.2.1 Funding, CSOs, and fees**

The Public Advocate's report recognises that many financial management customers with few assets and a low income receive a high level of service for very little or no costs. Many of the recommendations relating to QPT's fees are not focused on these customers; instead, they seek to deliver better financial outcomes for customers with modest assets and incomes.

The report attributes many of QPT's fee-related issues to systemic shortcomings in the funding structure and CSO arrangements. The report highlights that the 'sheer volume of CSOs, in terms of their value, coupled with their significant annual growth, places enormous pressure on the Public Trustee to increase revenue from all sources, including from fees and charges, to keep pace with this growing cost'. Reinforcing the findings of previous reviews, the Public Advocate states, 'the challenges of self-funding faced by the Public Trustee have been recognised during reviews by the Public Sector Management Commission (1991) and the Auditor General (1996)'. Both reports recommended that the Public Trustee's CSOs be reviewed by government and decisions made regarding how they should be funded into the future.

The Public Advocate calls for a review of QPT's CSOs and consideration of whether this arrangement should be continued in the current form and at current levels. Additionally, the Public Advocate recommends that QPT stop using revenue from financial management customers' fees to cover the CSO costs for providing subsidised services to other customers.

More specifically, in relation to QPT's fees framework, the Public Advocate report identified a range of issues, including the overall level of fees charged for personal financial administration and asset management services, a lack of transparency about what services customers receive for their fees, and a lack of clarity on how and when customers are charged a particular fee.

The Public Advocate questioned the value of asset management services for financial management customers with limited assets for whom conservative investment strategies are

employed. It is suggested that a fee for asset management may not be warranted in such cases.

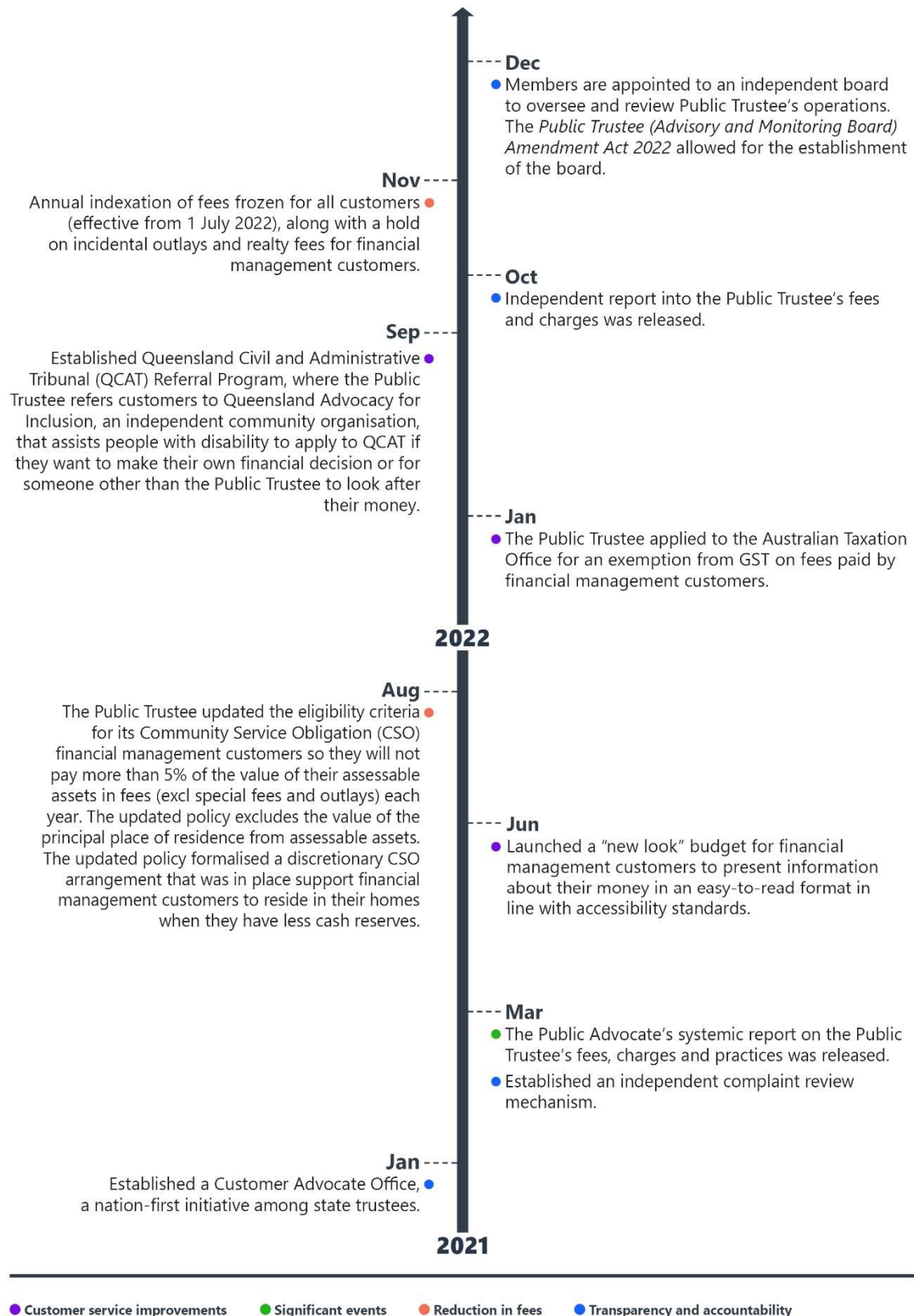
The Public Advocate also questioned the way fee levels are determined for personal financial management services. Over half of financial management customers pay the highest levels of personal financial administration fees (levels 5 and 6), which can be a significant burden for those with modest means, even though they may receive some fee rebates. The Public Advocate questioned the rationale behind charging a level 6 fee, which is equivalent to 37% of the single-person Disability Support Pension, and the appropriateness of basing fees on where a customer resides and the frequency of their contact with QPT. For more details on the fee structure see Schedule 4 in the Notice – in Appendix 1.

QPT has already implemented several reform initiatives to address the Public Advocate's recommendations in relation to fees and charges. The proposed changes in this consultation paper will consolidate and build on these initiatives. These changes include reducing fees for personal financial management and asset management.

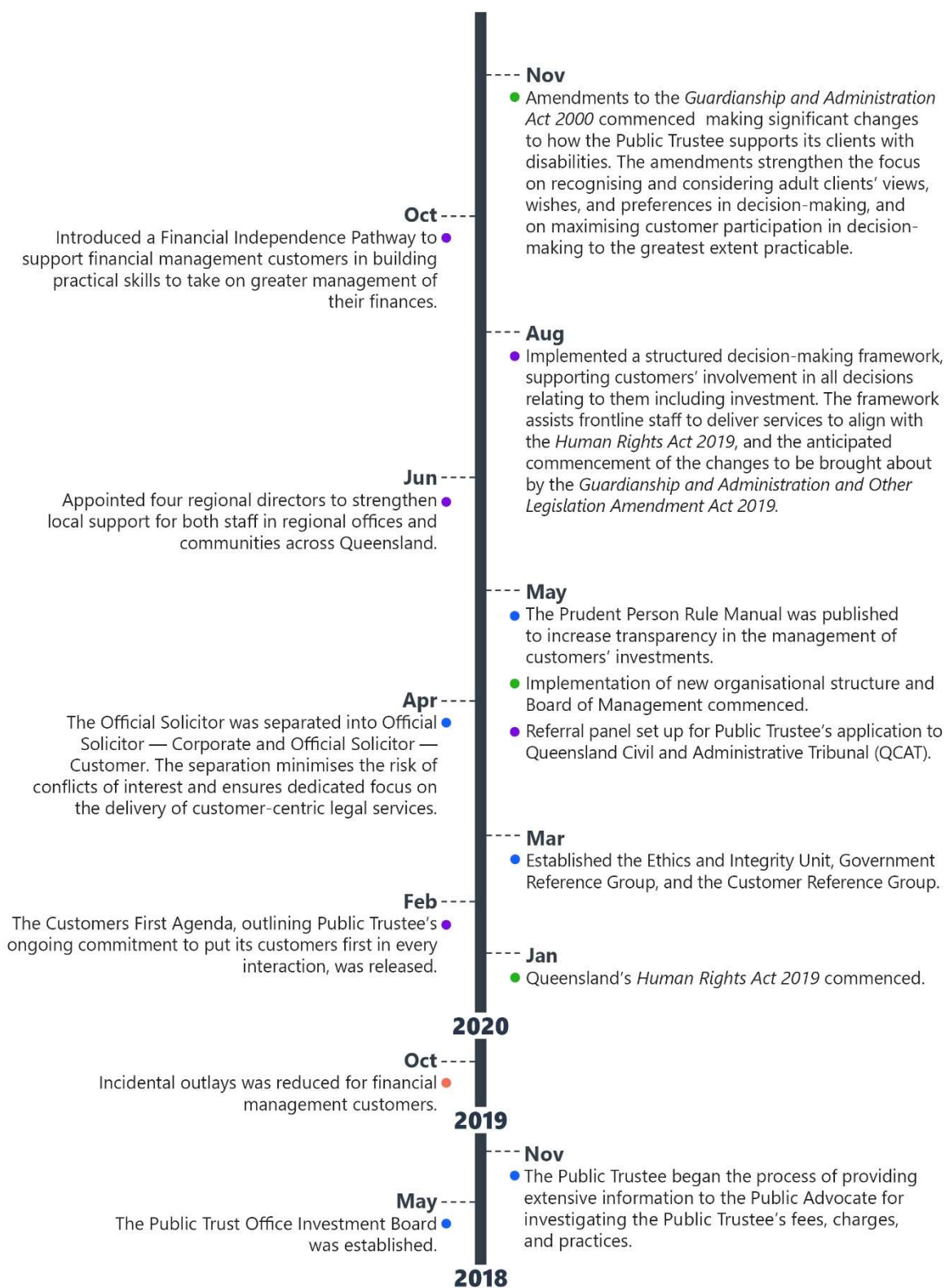
Some of the reform initiatives already implemented by QPT include:

- Updating CSO eligibility criteria for financial management customers. The value of principal place of residence is now excluded from assessable assets, to support financial management customers to reside in their homes when they have less cash reserves.
- Delivering an independent review of QPT's fees and charges. This review provided valuable insights that led to QPT implementing a fee freeze for all customers from 1 July 2022 and not charging for property management and incidental outlays for financial management customers.

### 3.3 QPT reform context







● Customer service improvements    
 ● Significant events    
 ● Reduction in fees    
 ● Transparency and accountability

## 4 Issues statement

### 4.1 Scope of proposed reform

This consultation paper focuses on the key services generating fee revenue, namely financial management (including financial administration and financial attorney services), deceased estate administration, and trust administration. In FY22, these services accounted for approximately 80% of QPT's fee revenue (before accounting for fee rebates).

QPT is not proposing to charge for will-making services at this time but welcomes feedback from the community and stakeholders on this issue.

Fees and charges for support services (legal, taxation, property, and investment services), will be considered as part of a broader examination of each service to optimise the delivery and value of these services to customers. These do not form part of the current consultation process.

### 4.2 Fees and charges reform objectives

The proposed reform aims to harmonise QPT's fees and charges framework with a holistic reform direction, which includes:

- Transforming QPT into a contemporary, inclusive, and people-inspired provider of financial management services to benefit vulnerable people using these services.
- Enhancing QPT's financial sustainability through increased cost recovery from deceased estate and trust administration services, while maintaining strong commitment to customers facing challenges in accessing these services from private sector providers.

The objectives of QPT's fees and charges reform are to:

- Take all practical steps to ensure that customers pay no more in fees than what it costs QPT to provide the service.
- Ensure any fee increases consider both social implications, including cost-of-living challenges, and QPT's long-term financial sustainability.
- Increase cost recovery from deceased estates, while ensuring that any transition to higher fees occurs gradually to prevent a significant restriction of access for vulnerable customers.
- Simplify QPT's fees structures to make them easier to understand.
- Ensure that any subsidy provided to customers is a deliberate government decision that balances the public interest and the cost of CSO commitments.

#### Have your say:

- What are your views on the objectives underpinning the proposed reform?
- Do you support QPT increasing cost recovery, i.e. increasing fees for services that can be obtained from private sector providers?



### **4.3 Setting fees in line with cost of service**

The Public Advocate's report found that many customers receive a high level of service for very little or no cost, and acknowledged that much positive change has already occurred, especially when it came to supporting customers' input into decisions affecting their lives. A key finding raised by the Public Advocate's report is that a small proportion of administration clients are paying higher fees with little or no rebates.

QPT's foremost priority with the proposed changes to fees and charges is to ensure that fees are fair to all customers and services remain accessible to those who need them. With the proposed changes, QPT is seeking to address this finding of the Public Advocate regarding the small number of customers who were more impacted by fees and charges arrangements. In this regard, QPT is seeking to take all practical steps to ensure that financial management fees are commensurate with the costs of service, while also keeping the fee structure simple and transparent. QPT has already taken steps to reform different aspects of the fees and charges framework, including providing clear, transparent, and concise information about fees and charges.

### **4.4 Financial sustainability**

Addressing QPT's financial sustainability is essential to transforming into a people-inspired provider of state trustee services. Without adequate funding, QPT cannot implement strategic initiatives to improve service delivery or substantially maintain current CSO commitments aimed at ensuring that everyone has access to the essential services they need.

QPT provides financial management services to more than 10,000 customers. A significant portion of these customers have limited means to pay for these services. Approximately 75% of them have less than \$50,000 in assessable assets. This situation is escalating, with demand for financial management services growing at a steady rate of 2% per annum, with the growth primarily related to customers with limited assets. Currently, more than 75% of financial management customers benefit from the structured CSO arrangement.

Until recently, QPT was the only public trustee in Australia that was fully self-funded. The self-funding model is no longer as sustainable as it once was. This is primarily due to the cost of the fee rebates provided to financial management customers having reached a threshold where it is no longer sustainable for QPT to earn sufficient revenue from the Common Fund to meet the cost of this community service obligation.

The earnings generated from the Common Fund (through the interest differential) and the returns on investments made with QPT's accumulated surplus are key sources of funding for QPT. However, the continued increase in the cost of providing fee rebates to financial management customers, coupled with a decline in investment returns due to slowing economic growth, is eroding the accumulated surplus. This is a risk because it could lead to an insufficient Capital Support Allocation. If the accumulated surplus continues to erode, QPT will need to scale back the amount of investment risk it can take on. This will significantly curtail the earnings of the Common Fund, making the interest differential mechanism ineffective. In turn, this will accelerate the erosion of the accumulated surplus.

### **4.5 Changes to CSO commitments**

QPT's financial sustainability is being challenged by the increasing cost of meeting CSOs. It is critical that QPT take steps to contain the increasing cost of CSOs and that consideration is given to other sources of funding to fulfill these critical commitments.

Possible options are to increase the fee cap for financial management customers (above the current level of 5% of assessable asset value) or adopt altogether a different framework of the structured CSO.

QPT is not proposing any changes to CSOs for financial management customers in this consultation paper.

Nevertheless, QPT recognises that the CSO policy requires consideration given the increasing demand for services from Australia's aging population and the need for additional resources to meet contemporary standards for providing services to people with impaired capacity for making financial decisions who have special needs. QPT is committed to engaging the community and stakeholders early in the process to obtain their views on a fee rebate framework for financial management customers. This will be discussed in more detail in Section 6.9.

### **Have your say:**

- What are your views on QPT's current funding arrangement?
- How can the current funding arrangement be improved to enhance sustainable service delivery while fostering equitable outcomes for QPT's customers?

## 5 Options development and methodology

### 5.1 A guide to data used in this document

All financial data used in this consultation paper is reported in financial year 2023-24 (FY24) dollars, unless specified otherwise or quoted in case studies. Asset values used for customer grouping (in the various option analysis) is in \$FY22. All fees quoted are inclusive of GST, unless specified otherwise.

In setting the context, the latest available cost and customer activity data are used. However, the analysis and modelling of fee revenues are undertaken using FY22 customer activity data and cost accounting data up to FY22 (the most recent available data).

The data used in the fee reform analysis may vary slightly compared to data cited elsewhere, including those in QPT's annual reports. This discrepancy primarily arises from the different approaches taken to quantify data (e.g., customer numbers) over the reporting period. For example, the customer figures reported in the annual report represent the number of customers at the end of the reporting period. While the customer count used in the fee reform analysis, accounts for all customers regardless of whether they were customers throughout the financial year.

### 5.2 Approach to fee option development

QPT began the analysis process by exploring pricing strategies and structures, considering which current fee structures work well, and how to address stakeholder concerns about the amount of fees being charged. This allowed QPT to make informed decisions on how to achieve fee reform objectives. The following is an overview of the process QPT followed to develop the structure of the fee options.

QPT's first step in developing fee options was to consider the following pricing strategies:

- **Cost-based pricing:** This strategy involves calculating the total cost of providing a service and then making an allowance for return on capital. This approach is simple to implement and ensures that QPT's fees are commensurable with the costs of providing a service. A key benefit of this approach is, if the cost of providing service is low compared to other providers, then it allows for customers to benefit from lower fees regardless of the value they place on the service. Conversely, if the cost of providing the service is high and the level of competition in the market is low, customers are likely to pay higher prices.
- **Value-based pricing:** This strategy involves setting prices based on the perceived value customers place on a service. This approach can lead to higher prices for customers if the perceived value of a service is high. However, it can also lead to lower prices for customers if the perceived value of a service is low. One of the difficulties with implementing value-based pricing is that it can be seen as discriminatory, especially for a public entity.
- **Competition-based pricing:** This strategy involves setting prices based on what the competitors are charging. In a competitive market, this approach can be helpful in ensuring that QPT is not charging customers more than other providers. However, in a market with little competition, this approach could lead to QPT charging higher prices than necessary.

Given that QPT's overall objective is to ensure customers are not paying more than the cost of providing the service, at least one of the options for each service is based on cost-based pricing strategy. QPT also considered other pricing strategies, including those commonly employed by private sector providers and other public trustees to analyse the benefits of adopting other pricing approaches, such as value-based pricing.

The next step in developing fee options was to consider the following pricing structures:

- **Hourly charging:** This is a pricing structure where customers are charged based on the amount of time spent on providing a service. This pricing structure is often used for professional services, such as legal or accounting services.
- **Fixed fee with increments:** This is a pricing structure in which customers are charged a set fee for a certain amount of service, with additional fees charged for additional work or increments. This pricing structure is common for services with a clear scope and predictable effort.
- **Commission-based:** This is a pricing structure where customers pay a percentage of the value of the service that a provider delivers. This pricing structure is often used in industries where the service provider can help customers generate revenue, such as investment services.

These pricing structures were assessed against the Government's Principles for Fees and Charges' policy, as well as the principles set out in QPT's Fees and Charges Integrity and Governance Framework, outlined below.

- **Transparent:** Fees and charges are determined in accordance with a comprehensive and unambiguous structure, limiting complexity in the range of fees, their application, and calculation, and are readily available and accessible to customers and stakeholders.
- **Equitable:** Fees and charges reflect a beneficiary-pays principle, minimising cross-subsidisation between services or groups. They also acknowledge fairness and inclusion, recognising the diversity and complexity of QPT customers.
- **Sustainable:** Fees and charges support long-term financial sustainability of the organisation by reflecting where appropriate the full cost of delivery of each key service category including direct and indirect costs, capital costs, and margin/return, while also minimising the costs of administration and revenue collection.
- **Competitive:** Fees and charges reflect the efficient costs of service delivery and positions the organisation as a competitive service provider against private sector alternatives and interstate public trustees, while complying with broader competitive neutrality principles.
- **Accessible:** Fees and charges reflect Queensland Government's policy regarding the accessibility of essential financial protection, wealth management and advance life planning services to persons or groups, to realise enhanced community welfare outcomes.

### 5.3 QPT's current fee structure

Fixed fees with increments are the most common pricing structure used by QPT. Commission-based and hourly charging are used for investment and legal services, respectively.

- **Financial management and trusts services:** Service level fees are fixed based on the complexity of the service provided. Fees set for asset management are structured as an increment based on the value of the administered trust. These fees are relatively easy to administer and are highly transparent.

- **Deceased estate services:** Deceased estate administration fees are based on a fixed fee structure, with a schedule of fixed fees for different activities. This structure is necessary because the work involved in deceased estate administration is variable and sometimes unpredictable. The administration of these fees can be complex and subject to customer complaints. However, adopting a more simplified pricing structure, such as commission-based fees, often results in inequity and under cost recovery. The inequity and public dissatisfaction with QPT's commission-based fee structure for deceased estate administration was one of the key drivers of the fee reform implemented in 2001.
- **Commission-based fees:** QPT mostly limits the use of commission-based fees to trust services provided to large charitable trusts for which fees are based on income-commission and investments services (which is outside the scope of this review). The analysis shows that over the last seven years ending in FY22, QPT has recovered only 50% of the cost of providing charitable trust services.
- **Hourly charging:** QPT uses an hourly charging structure to charge additional fees associated with providing key services. These additional fees are seldom charged and only constitute a small proportion of the total fees. Legal services are the main service area where hourly charging is more commonly used. QPT generally limits the use of hourly charging due to the difficulty of implementing it, especially among a generalist public sector workforce.

## 5.4 How QPT aligned fees with costs

When developing the fee options, QPT's goal was to first align fees with the cost of services. This was to ensure that regardless of whether a customer received a CSO reduction, their fees would not be significantly higher than the cost of services. The first step in this process was to understand the cost of services.

### 5.4.1 Steps taken by QPT to determine cost of services

QPT used the following process to determine the cost of services, by service type (financial management, deceased estate administration and trust services) and service sub-type (minors, testamentary, charitable, and other trusts).

- **Align cost centres to service types:** Step one – involved assigning each cost centre to a specific service type and allocating indirect costs such as information services and management costs, to customer-facing service areas.
- **Apportion costs within cost centres:** Step two – if resources from a cost centre were allocated to more than one service type or sub-type, the costs in that cost centre were apportioned to the different services. Where possible, this was done by allocating employees' positions to a particular service type or sub-type. Otherwise, the costs were apportioned by surveying trust officers to determine the number of resources required to provide different service sub-types. This process was used to apportion costs to all the financial management service levels (between personal financial administration levels 1 to 6).

The process described in steps one and two has been done on an annual basis for over 20 years to understand activity-based costing.

- **Analyse cost data trends:** QPT compiled 12 years of cost data (indexed to FY22) to understand trends, identify potential issues and to determine the average cost of services, by service types and service sub-types.

- **Workshops with subject matter experts:** QPT conducted workshops with subject matter experts to understand, identify and verify potential issues, particularly relating to the apportionment of costs using survey results. This resulted in some moderate reallocation of costs among financial management services.
- **Calculate the average cost of services:** The cost of services was determined by averaging 10 years of costs between FY11 and FY20, by service sub-types. Data from FY21 and FY22 was not used in determining the cost of services due to disruptions caused by the pandemic over this period.

#### 5.4.2 Efficient costs

Public service businesses are generally required to set their prices based on the efficient cost of services. This means they must deliver services at the lowest possible cost, while still meeting the needs and expectations of their customers. This is achieved by using resources efficiently and effectively and by eliminating waste and duplication of effort. In a regulatory context, a regulator would typically determine the efficient cost for a natural monopoly business (such as a water utility or electricity distribution company) to set prices.

Benchmarking is one of the most common methods used for this purpose. Benchmarking involves comparing the costs of the regulated monopoly to the costs of similar companies in other markets.

A direct comparison of the QPT's cost with similar organisations is not possible because the data to make this comparison is not publicly available. In 2019, QPT commissioned a benchmark study to compare fees for financial management services with other public trustees in Australia. However, it is difficult to determine the efficient cost of service based on studies of this type for several reasons. First, many of the jurisdictions apply a CSO reduction to their fees. This means the revenue from fees cannot be assumed to be equal to costs. Second, many of the jurisdictions use a commission-based pricing structure. This means that even if the fee revenue is comparable to costs, it is difficult to determine the equilibrium point where prices match costs. As a result, QPT has opted to use actual costs to develop fee options.

QPT's activity-based costing data shows that costs, particularly for financial management services, have remained relatively steady over the past decade. During this period, QPT has not made significant infrastructure investments that would have significantly increased costs. This suggests that QPT has been using resources reasonably efficiently and effectively over the past decade. However, this can only be substantiated by an external organisation. In the absence of this confirmation, QPT has taken a conservative approach by opting to only seek a minimal return on investment. In determining the overall cost, QPT allowed a return on capital equivalent of 6% of direct costs or earnings before interest and taxes (EBIT) margin of approximately 4%.

In 2014, the Independent Pricing and Regulatory Tribunal (IPART) reviewed the fee structure of the New South Wales Trustee and Guardian. In the final report, IPART concluded that a return on capital of around 5%, representing an EBIT margin of 6% for the regulated business and around 7.5% across the whole business, was a sufficient return on investment. If a similar determination is made today in a higher interest rate environment, it is possible that an overall return across the business of higher than 8% could be considered appropriate.

## **QPT's commitment to fair and transparent pricing**

QPT has taken all practical steps to ensure that fees are closely aligned with the cost of delivering services. Most of the options considered by QPT are based on a cost-based pricing strategy. In developing options, QPT has sought to demonstrate the principles of equity and transparency. A rigorous process has been applied to query and test cost data. However, QPT is aware the extent that fees are aligned with the costs of services will only be evident through observing actual data of expenses and revenue. As such, QPT is committed to reviewing and improving its costing system, monitoring fee revenue on an annual basis, and undertaking the next fees review within five years.



## 6 Financial management services

### 6.1 Overview of service

Financial management services provide personal and ongoing support to a person with impaired decision-making capacity, due to disability, illness, or injury. This support can help people manage all, or part, of their financial matters and legal matters relating to their personal finances and property. For example, a financial manager can help people with impaired decision-making capacity to create and manage a budget, pay bills and other expenses, manage assets (cash, shares, and property), invest for the future, apply for government benefits, and make financial decisions such as buying or selling a home or car. Financial managers can also help people with impaired decision-making capacity to understand their financial rights and options. Financial management services can be provided by a family member, friend, private trustee company or the public trustee.

In Queensland, the *Guardianship and Administration Act 2000*, together with the *Powers of Attorney Act 1998* and *Public Guardian Act 2014* provides a comprehensive framework to facilitate the appointment of an administrator (a financial manager) for an adult in need. When QCAT determines an adult has impaired capacity for making financial decisions, QCAT has the power to appoint a financial manager for the adult and make orders on matters including decision-making powers given to the financial manager, the term of the appointment and other directions QCAT considers appropriate. For appointment as a financial manager, the person must be:

- At least 18 years, not a paid carer or health provider for the adult, and not bankrupt or taking advantage of the laws of bankruptcy as a debtor, or
- QPT or a trustee company under the *Trustee Companies Act 1968*.

When deciding whether a person is appropriate for appointment as a financial manager for an adult, QCAT must consider matters of appropriateness and competency. QPT is appointed often when there are no appropriate and competent family or friends to take up the financial administration, and where private trustee companies will not accept administration.

#### A safety net provider

QPT takes the position that it will accept all administrations, including those where trustee companies have previously acted, charged fees, and then determined the matters are not sufficiently commercially viable for them to continue. Private trustee companies generally will not be prepared to accept an appointment as administrator where estates in their view are relatively modest.

QPT is the largest and most experienced administrator in Queensland. It is uniquely placed to meet the diverse needs of Queenslanders. It actively encourages and supports customers to make their own financial decisions to the greatest extent practicable and protects them from financial abuse, exploitation, and neglect. In 2020, QPT established a Structured Decision-Making Framework to support trust officers to act in accordance with the *Human Rights Act 2019* and ten General Principles contained within the *Guardianship and Administration Act 2000* and *Powers of Attorney Act 1998*.

As a financial manager, QPT works with a customer and their support network to understand their views, wishes and preferences to develop a personal financial plan (budget). This plan



includes income and expenses, as well as future capital expenditure. QPT can pay some or all the customer's bills, including accommodation, electricity, groceries, insurance, and medical costs. It can also help customers secure additional income from Centrelink or the Department of Veteran Affairs and transition to residential aged care. For customers with investment properties, QPT can develop an investment plan and organise a tax return each year, if required.

QPT also offers customers access to the Steps to Financial Independence Pathway for those customers seeking greater control of some or all their money. QPT supports customers to gather evidence when seeking to apply to QCAT for a Declaration of Capacity.

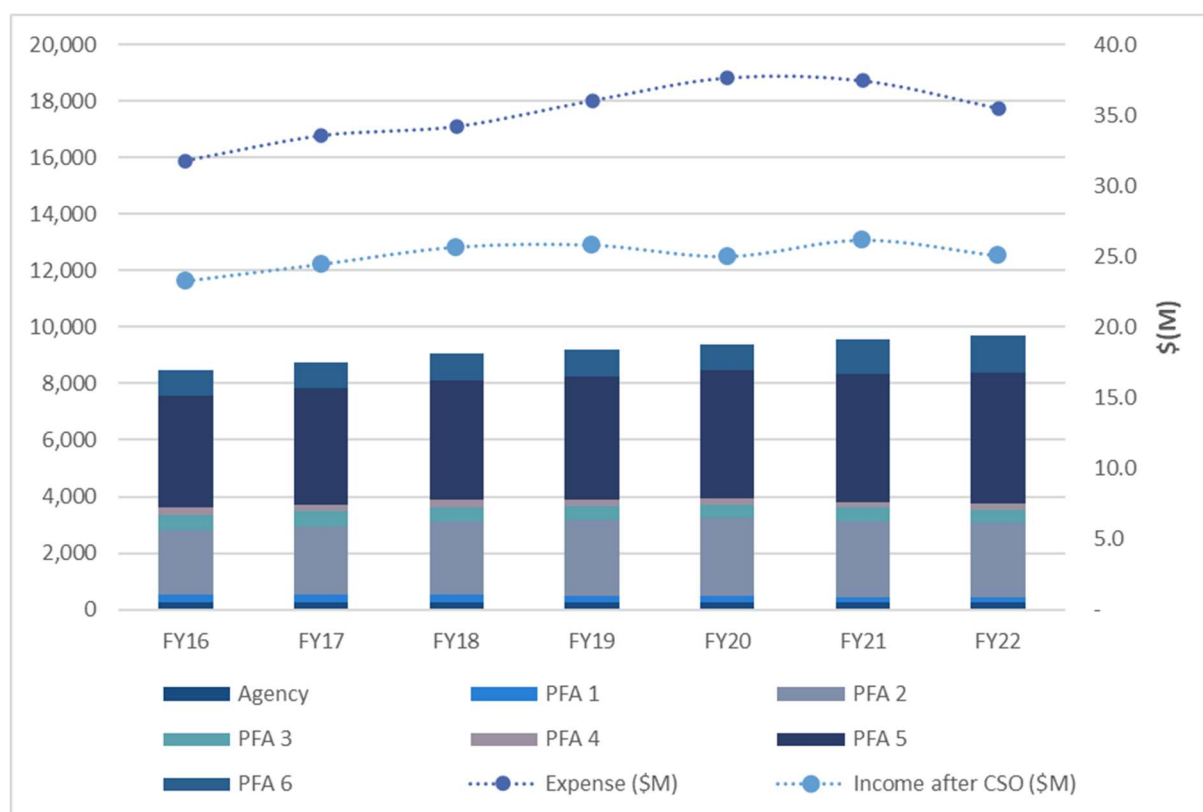
Financial management is QPT's largest service, accounting for most of its costs. The number of financial management customers requiring QPT's services is steadily growing. In FY23, QPT had approximately 10,596 financial management customers. 95% of these customers came to QPT due to determinations made by a court or tribunal about their impaired decision-making capacity. Other services account for less than 5% of the financial management customers. Figure 3 compares QPT's expense and income (after CSO) to illustrate the level of cost recovery from financial management services. It also provides a breakdown of QPT's financial management services, by customer service levels (see Section 6.3 for more detail on customer service levels).

**Agency arrangements** comprise about 3% of the total financial management services and relate to QPT acting as an attorney under the *Powers of Attorney Act 1998*. It is a flexible service designed to meet a person's particular needs. It can encompass paying day-to-day bills (gas, electricity, etc) liaising with Centrelink, preparing tax returns and so on. It can be designed to manage all assets or can be limited to managing a certain proportion of the client's assets for example investment property, investment portfolio.

**Limited Administration Orders (LAO)** comprise 1% of the total financial management services. QPT can be appointed as Administrator under a Limited Order with responsibility restricted solely to management of the adult's damages award or settlement. QPT does not have authority or responsibility to administer any other aspects of the adult's estate. This service is out of scope for review due to complex implications of changing LAO fees on existing service level agreements put in place by courts. Any changes to LAO fees will be progressed as soon as practicable, after detailed consideration of possible implications.

**Prisoner services** – QPT can be appointed to provide financial management services to persons incarcerated for a period exceeding three years. This service is out of scope for this review due to its small size and limited alternative pricing options.

Figure 3: Financial management customer numbers (by service level), expense and income (after CSO)



## 6.2 About QPT’s financial management customers

For most financial management customers, a range of health conditions, circumstances, and needs bring them to require a financial manager. While QPT’s financial customers vary in terms of age, income, and wealth, they are generally older adults with low to moderate wealth who receive Disability Support Pension. The level of service these customers receive from QPT varies depending on the effort required to maintain their living arrangements, the extent to which QPT manages their income and expenses, and the level of contact required to involve the customer to deliver satisfactory service in line with their preferences and wishes. Generally, customers living independently in the community require greater ongoing support, as QPT is needed to pay more bills and oversee more general expenses. However, transitioning customers into aged-care facilities is becoming increasingly complex, and managing customers in aged-care facilities can require a significant amount of effort.

A person with impaired decision-making capacity is usually appointed a financial manager because a loved one, carer, or professional service provider (such as a doctor) sought support to manage their finances for one of two reasons:

- A change in the person’s life means they need help managing their finances in the short or long-term.
- When there is concern a person is experiencing financial abuse, such as having their money taken by a friend or family member.

As of November 2023, the most common causes of impaired decision-making capacity among these customers are intellectual disability (29%), psychiatric illness (25%), acquired brain injury (13%) and age-related illness (13%).

Most of QPT's customers are older adults, but there are also many younger customers. More than half of the customers are over the age of 53, and a quarter are over the age of 69. Around 2,000 (approximately 20%) of the customers are under the age of 35.

A significant number of QPT customers depend on government support payments as their primary source of income. Around 90% of these customers receive a pension. Only 10% of these customers have a total annual income of more than \$38,000. Most customers have low to moderate wealth, with less than 10% owning a property and less than 30% having a total asset value above \$100,000. Over 75% of financial management customers receive CSO rebates.

Following are stories of some of QPT's financial management customers. To protect the privacy of individuals and to maintain confidentiality, the names and some other identifying details have been changed in all case studies used in this document.

## Meet Neil

After a health event left Neil with a brain injury, he needed help to manage his financial affairs until he could regain capacity to manage his own affairs.

QPT was appointed as the administrator as he was separated from his spouse and estranged from his children.

During his recovery, Neil was unable to work or attend to his financial affairs, including finalising his property settlement and tax matters. He had amassed large debts, and after his property settlement, only had enough money to pay off loans and medical bills.

Neil's trust officer helped him budget his small pension income during the process and negotiated reduced payout amounts for his debts with his lenders.

With income support in place and his debts resolved, Neil was able to gain a declaration of capacity from QCAT, ending QPT's involvement and allowing him to manage his own affairs again.

Without the fee rebate, Neil would have paid \$6,630 in fees, but instead he only paid \$121 (which is 5% of his asset value).

## Meet Gordon

Gordon, 90, is a person with a neurological condition that impairs his decision-making capacity.

After a relationship breakdown, he needed assistance with his financial affairs and an application was made to QCAT. Despite having family members willing to provide informal support, they declined formal appointment. QPT was appointed to assist Gordon and has been working with him and his family for around 20 years.

Gordon receives income from the aged pension and has a modest investment worth approximately \$210,000 managed by QPT. He resides in private rental accommodation and moves residence from time-to-time at his discretion. QPT is in regular contact with Gordon and his family. As well as managing Gordon's budget to meet his living expenses and purchases, QPT regularly assists with tenancy agreements and ensures his pension benefits are correct.

Gordon pays \$8,637 a year in fees and receives no fee rebate due to him holding a moderate level of wealth.

## Meet Zoe

Zoe's family life broke down when she was young, and she experienced trauma and a psychosocial condition that affects her ability to learn financial decision-making skills.

Concerned that she would be homeless after turning 18, Zoe's supports applied for QPT to be appointed as her financial administrator.

QCAT appointed QPT for one year, recognising Zoe's young age and potential to become independent.

Zoe has a bank account balance of around \$1,000 as her only asset. Without the fee rebate, Zoe would pay \$6,630 a year in fees, but instead she would only pay around \$50 a year.

Zoe and her NDIS supports worked with her trust officer to secure a tenancy and create a budget based on her small Youth Disability Allowance income.

Zoe expressed the wish to be independent and have the QCAT Order revoked at the next review. To support Zoe in reaching this goal, QPT and Zoe's service providers resolved to enrol her in the Financial Independence Pathway immediately. This program maximises individual control over finances and decisions, and helps Zoe prepare to take on her financial affairs successfully.

## Meet Phil

Phil, 77, was living a simple life when a sudden illness caused irreversible cognitive impairment. As a result, he was unable to return home or manage his finances. No family or next of kin could be located. The hospital staff made an application to QCAT and QPT was appointed as administrator.

An assessment revealed Phil was a self-funded retiree with substantial assets, exceeding \$3.1 million. QPT sought independent financial advice regarding Phil's aged care funding and asset management strategies. QPT also handled all necessary agreements and payments, while managing the relocation process and finalising his previous living arrangement.

Phil's needs are currently being met by the nursing home staff, who maintain regular communication with QPT to ensure Phil's well-being.

Phil incurs annual fees of approximately \$15,790, which includes a fee of around \$13,667 for asset management services. Due to his substantial assets, he is not eligible for a fee rebate.

## Meet Jean

Jean, 73, has an age-related illness that causes irreversible cognitive impairment. She fell ill and was admitted to the hospital where it was realised that she could no longer live on her own or manage her finances. Her accounts, which had previously been up to date, had fallen behind, and while her supports were able to help sort out her rental accommodation, financial decisions needed to be made. A QCAT application was made, and QPT was appointed as administrator.

Jean moved from hospital to an aged-care facility and QPT completed the necessary care agreements. Jean was still able to enjoy outings and to shop for her personal needs with support, so her bank account was retained so she could access funds to pay for purchases when she went out. Jean's trust officer worked with her to establish a budget and determine how she would like this arrangement to be managed. In this way, Jean's access to the community is preserved and her financial and accommodation needs are met.

Jean's fee before the fee rebate was calculated at \$2,422, but her fee was capped at 5% of her asset value, resulting in Jean only paying \$1,375.

## 6.3 Current fee structure

The current structure of the financial management fee is:



Total Total fee for financial management service on annual basis

PFAF Personal financial administration fee

AMF Asset management fee

PMF Property management fee

IO Incidental outlays

ASF Additional service fee

### 6.3.1 Personal financial administration fee

The personal financial administration (PFA) fee (set in Schedule 4 in the Notice – Appendix 1) is an annual fee for providing core services, including customer engagement, income collection and bill payment. The more support and engagement with a customer, the higher the personal financial administration fee. The PFA fee is divided into six support levels based on the customer's living arrangements, whether QPT manages their main source of income, and how much contact the customer has with QPT (see Figure 4). These factors are used because they are good predictors of the amount of work involved in providing the services.

Figure 4: Personal financial administration fee schedule, with service level description

Service level	Description of support	Current PFA fee
<b>PFA level 1</b>	Customer resides in a Commonwealth-funded aged care facility or hospital and their main source of income is paid to the facility.	\$1,325
<b>PFA level 2</b>	Customer resides in a Commonwealth-funded aged care facility or hospital and their main source of income is not paid to the facility.	\$2,123
<b>PFA level 3</b>	Customer is supported in the community by Disability Services Queensland through the alternate living service, or by a non-government organisation through a management agreement.	\$2,650
<b>PFA level 4</b>	Customer is living in the community either independently or with the support of family/friends who assist the client with their day-to-day personal financial administration.	\$3,978
<b>PFA level 5</b>	Customer is living in the community with personal financial administration assistance from QPT and/or day to day assistance provided by support workers. Contact with QPT is once per fortnight or less.	\$6,630
<b>PFA level 6</b>	Customer is receiving personal financial administration assistance from the public trustee and contact with QPT is more than once per fortnight.	\$9,283

### 6.3.2 Asset management fee

The asset management fee (set in Schedule 6 in the Notice) is an annual fee for managing a customer's assets (and liabilities excluding real property) productively. This includes a yearly review of performance, applying current market knowledge, developing, and updating investment strategies and managing risks. It is determined by the value of a customer's assessable assets, applied to 14 bands of asset value (see Figure 5).

Figure 5: Asset management fee schedule

Service level	Minimum value of assets	Maximum value of assets	Current asset management fee *
1	\$0	\$5,000	Nil
2	\$5,001	\$10,000	\$200
3	\$10,001	\$30,000	\$299
4	\$30,001	\$50,000	\$605
5	\$50,001	\$100,000	\$805
6	\$100,001	\$200,000	\$1,306
7	\$200,001	\$300,000	\$2,008
8	\$300,001	\$500,000	\$2,814
9	\$500,001	\$750,000	\$4,019
10	\$750,001	\$1,000,000	\$6,029
11	\$1,000,001	\$1,500,000	\$7,838
12	\$1,500,001	\$2,000,000	\$9,745
13	\$2,000,001	\$2,500,000	\$11,754
14	>\$2,500,000		\$13,667

\* The value of real estate property or other place of residence, motor vehicles, household furniture, effects, chattels, and personal jewellery is excluded from the calculation of the value of assets for determining the level of the asset management fee payable.

### 6.3.3 Property management fee

The property management fee is an annual fee supporting QPT's costs of managing real estate assets, including insurance, taxes, income, and maintenance. It is a flat fee of \$997 per annum per property. The fee is not applicable to a customer's principal place of residence but is applied to investment properties.

### 6.3.4 Incidental outlays

Incidental outlays is an annual fee that contributes to QPT's general administrative costs for customer accounts such as emails, printing, phone calls and faxes. This fee is determined

by the annual number of transactions recorded against a customer's file. There are 10 fee bands starting at \$31 for up to 55 transactions and reaching \$193 for over 220 transactions.

### 6.3.5 Additional services fee

Additional services fee is an hourly charge for services, such as dealing with customer's business and other activities undertaken by QPT, for which no fee has been set in the Notice (see Part 13 in the Notice). Currently, QPT's hourly rate is \$268 per hour.

### 6.3.6 Role of CSO in reducing financial management fees

Financial management customers can access the following fee rebates:

- **Structured fee rebate:** ensures that a customer's total fee (excluding special fees and any outlays) never exceed 5% of their assessable asset value. Assessable asset value is determined by deducting the value of the customer's principal place of residence from their total asset value. This rebate is provided to around 75% of QPT's financial management customers.
- **Property management fee rebate:** the annual property fee of \$997 is rebated if the property is the customer's principal place of residence. This rebate is provided to around 6% of QPT's financial management customers.
- **Discretionary CSOs:** provide fee reductions and waivers on a case-by-case basis to assist customers experiencing hardship.

## 6.4 Issues with current fee structure

In relation to QPT's financial management fee, the Public Advocate report identified a range of issues, including the overall level of fees charged for personal financial administration and asset management services, a lack of transparency about what services customers receive for their fees, and a lack of clarity on how and when customers are charged a particular fee.

## 6.5 Reform objectives

The proposed changes take all practical steps to ensure that financial management customers pay no more in fees than what it cost QPT to provide the service. For all customers, QPT seek to match fees with service costs, taking into consideration the complexity, responsibility, and skills required to perform the service. QPT also seeks to simplify the fee structure.

## 6.6 Options

The proposed changes to financial management fees focus on addressing issues relating to fees charged for personal financial administration and the charging methodology for asset management services.



## What is 'base case'?

The base case serves as a critical reference point for evaluating the proposed fee options. It represents the expected financial outcome under the current fee structure, modelled using customer transactions, fees, and costs observed in FY22. This means that any reported impacts in this paper are compared to the base case scenario, unless explicitly stated otherwise.

FY22 was chosen as the base year because it provides the most up-to-date data necessary for accurate modelling of fee revenue and customer impacts.

A key assumption underpinning the analysis is that all fees and costs observed in FY22 will continue to increase at the same rate in future years. Importantly, this implies that QPT's hourly rate will adjust for inflation from its FY22 level moving forward.

### 6.6.1 Option 1

Option 1 delivers substantial fee reductions, addressing concerns with personal financial administration fees and asset management fees. Where the current fees are less than the costs of service, recognising the current cost-of-living challenges, this option aims to minimise the impact on customers by only allowing fee increases in line with inflation. Under this option, the following changes would be made to the current fee structure for financial management services:

- Personal financial administration fee for levels 3, 4, 5, and 6 would be reduced in real terms compared to FY22, reflecting the average service cost (see Figure 6).
- Personal financial administration fee for levels 1 and 2 would remain the same in real terms compared to FY22. There are small nominal increases due to inflation.
- Personal financial administration fee would include a basic level of asset management service - up to five hours of asset management service per year (excluding the management of real estate property). Any customer requiring additional asset management services would incur an additional hourly fee.
- Asset management fees would be abolished.
- Incidental outlays would be abolished.

Under Option 1, the proposed fee structure for financial management services is:



Total Total fee for financial management service on annual basis

PFAF Personal financial administration fee

PMF Property management fee

ASF Additional service fee (including any additional work involved in asset management)

## 6.6.2 Option 2

Option 2 is the same as Option 1, except the personal financial administration fee for levels 1 and 2 would increase to align with service costs (see Figure 6).

Figure 6: Comparison of personal financial administration fees by options (in \$FY24)

	Current PFA fee *	Base case PFA fee	Option 1 PFA fee	Option 2 PFA fee
PFA level 1	\$1,325	\$1,436	\$1,436	\$1,779
PFA level 2	\$2,123	\$2,301	\$2,301	\$3,463
PFA level 3	\$2,650	\$2,873	\$2,802	\$2,802
PFA level 4	\$3,978	\$4,311	\$3,962	\$3,962
PFA level 5	\$6,630	\$7,186	\$4,932	\$4,932
PFA level 6	\$9,283	\$10,061	\$7,731	\$7,731

\* Note that the 'Current PFA fee' is different from the 'Base case PFA fee'. The latter is calculated by taking the actual PFA fee from FY22 and adjusting it for inflation. Whereas the 'Current PFA fee' has not been adjusted for inflation due to QPT implementing a temporary fee freeze for all customers from 1 July 2022. The 'Base case PFA fee' represents what the actual PFA fee would have been for FY24 if the temporary fee freeze was not implemented.

## 6.7 Analysis of options

The analysis compares each option against the base case, assessing the impacts across various factors. It examines the strengths and limitations of each option from community, government, and stakeholders' perspectives. From a community perspective, the assessment will examine impacts on different customer cohorts. From a government perspective, the assessment will focus on effective delivery of government services and fiscal impacts. From an organisation perspective, the focus will be on ease of implementation and implications for employees.

### 6.7.1 Community impacts

Both options:

- Deliver significant financial benefits to many customers.
- Align personal financial administration fees to service costs, leading to a more equitable outcome for all customers.
- Address stakeholder concerns that the current asset management fee is too high relative to the actual workload. They also provide a positive resolution to stakeholder concerns about including superannuation and nursing home bonds in the assessable asset calculation, leading to higher asset management fees.
- Give rise to a contemporary fee structure that is easy to understand. Over 95% of customers would no longer pay a separate fee for asset management.

Option 1:

- QPT's annual revenue from financial management customers is expected to decrease by approximately \$8.9m.
- All customers are either better or no worse off in real terms (after adjusting for inflation from FY22 fee levels).
- Around 25% of the financial management customers would obtain a significant fee reduction of over \$200 per year.
- Generally, customers with higher asset values would benefit due to reductions in personal financial administration and asset management fees.

Option 2:

- QPT's annual revenue from financial management customers is expected to decrease by approximately \$7.9m.
- Compared to Option 1, QPT's annual revenue from financial management services is expected to increase by approximately \$1m due to increase in PFA fee for levels 1 and 2.
- More than 97% of customers would be either better off or no worse off in real terms (after adjusting for inflation from FY22 fee levels).
- Generally, customers with higher asset values would benefit due to reductions in personal financial administration and asset management fees.
- Around 216 customers (mostly PFA level 2 customers) would be worse off due to the proposed increases in personal financial administration fees. After accounting for the fee rebate, the fee increase would be less than \$200 for 175 of these customers and less than \$1,021 for the remaining customers.

## How the proposed fee changes impact individual customers

The proposed fee changes are expected to have a varying impact on individual customers depending on their assets, personal financial administration fee level, and CSO eligibility. This is illustrated using case studies of customers introduced above.

These comparisons show how much customers pay now and how much they would pay per year under the proposed options. To keep things simple, these case studies avoid complications involved in factoring in fee changes implemented after 1 July 2022 (such as the freeze on fee indexation and hold on incidental outlays).

**Neil** (PFA level 5 and AMF level 1) already receives a significant rebate on his total fee because he does not have a lot of assets. Even though his personal financial administration fee is reducing by \$1,698, Neil's fee rebate is big enough to cancel that out, so he won't see any change in his total fee.

**Gordon** (PFAF level 5 and AMF level 7) would benefit from reductions of \$1,698 in the personal financial administration fee and \$2,008 in the asset management fee. With just \$210,000 in assets, it is unlikely he would need more than five hours of asset management service, so he won't pay any extra fee for this service. Gordon's total fee would reduce by \$3,706 to make his fee \$4,931.

**Zoe** (PFA level 5 and AMF level 1) already receives a significant rebate on her total fee. Even though her personal financial administration fee is going down by \$1,698, Zoe's fee rebate is big enough to cancel that out, so she won't see any change in her total fee.

**Phil** (PFA level 2 and AMF level 14) would benefit from a significant saving of around \$11,100 in asset management fee, despite needing to pay an additional service fee of around \$2,600 for the extra effort involved in managing his large estate. Phil is one of a small number of customers who would pay an extra fee for asset management services. Under Option 1 he would save around \$10,900 in fees under Option 1. Under Option 2, Phil would save around \$9,560 in fees due to an increase of \$1,340 in his personal financial administration fee.

**Jean** (PFA level 2 and AMF level 3), after accounting for the fee rebate, will not see any change in her total fee. Under Option 1, the fee rebate would cancel out the small reduction in her total fee. However, under Option 2, the fee rebate will cancel out a \$1,041 increase in her total fee, resulting from an increase of \$1,340 in personal financial administration fee.

### 6.7.2 Government impacts

The proposed changes would have funding implications, including:

- They would result in a significant reduction in QPT's annual revenue, in the order of \$8.9m under Option 1 and \$7.9m under Option 2.
- QPT cannot sustain such a reduction in revenue for an extended period and maintain critical frontline services. Therefore, the implementation of the proposed reform would require the identification of additional revenue from another source.
- If approved, financial management fee changes could be implemented from late 2024 to early 2025.

- QPT intends to refrain from raising fees by altering fee rebate commitments during a period of significant cost-of-living pressures. Changes to QPT's fee rebate policy are not part of this initial process. However, QPT recognises that the CSO policy needs to be reviewed to consider the many challenges ahead, including increased demand for services from Australia's aging population and the need for additional resources to meet contemporary standards for providing services to people with disability.

### 6.7.3 Organisation impacts

The new fee structure is relatively simple to implement. It will not have significant impact on QPT's customer service operation. Existing activities that are currently undertaken by trust officers will remain the same.

- Effectively communicating the proposed changes to customers will be the most significant organisational undertaking associated with this implementation.
- With Option 2, there would be additional effort required to respond to the concerns of the approximately 200 customers who would be financially impacted.
- Accommodating the potential hourly fee for additional asset management services beyond five hours represents the core operational and system impact of the proposed changes.

## 6.8 Preferred option

QPT recommends Option 1 for revising financial management service fees.

- It leaves all customers either better or no worse off after fee rebates, which is an important consideration with current cost-of-living challenges.
- Option 1 also ensures that financial management fees are commensurate with the cost of service and supports equity across financial administration customers as well as greater simplicity and transparency – all important areas of focus for the Public Advocate, as well as the community.
- While Option 2 would address a range of issues and collect an additional \$1m in annual revenue, there is an adverse financial impact for some customers and therefore it is not recommended during a period of significant cost-of-living pressures.

### Have your say:

- What are your views on the preferred option for financial management fees?
- Given current cost-of-living challenges, do you support QPT keeping the financial management fee below cost for PFA level 1 and PFA level 2?

## 6.9 CSO considerations

The Public Advocate report calls for a review of QPT's CSO, and consideration of whether this arrangement should be continued in the current form and at current levels. This section provides policy context and seeks community and stakeholder perspectives to inform the development of alternative CSO arrangements for government consideration.

### 6.9.1 Why provide CSOs?

Fee rebates for financial management services are provided to ensure vulnerable people who need these essential services can access them regardless of their financial means. QPT is a safety net provider for these essential services. For most financial management customers, the decision to seek services from QPT is made by QCAT because they have been found to lack the capacity to make financial decisions and do not have suitable or available family or friends to manage their finances. For QCAT to appoint QPT as a financial administrator, it needs to be satisfied that the adult has impaired decision-making capacity for financial decisions, there is a need for a financial decision to be made, and the adult's needs will not be adequately met without an administrator.

#### Have your say:

- What are the benefits and challenges that the government should consider when reviewing the appropriateness of fee rebates for financial management customers?

### 6.9.2 Appropriate level of CSO

All public trustees in Australia offer CSOs for financial management services to ensure that these essential services are available to people with low financial means. Most public trustees use a commission-based fee structure, where fees are based on the customer's asset value and/or annual income (see Appendix 2 – for information about fees of other public trustees). This means customers with lower financial means pay less for the same service. CSOs are implicitly incorporated into this fee structure. QPT and the public trustee in Western Australia use a different approach, where fees are based on the cost of providing the service and then a fee rebate is applied based on the customer's capacity to pay. Regardless of the approach, all public trustees in Australia consider the customer's financial means when setting fees. In many cases, CSOs are partially funded through cross-subsidies which impose higher costs on some customers.

More than 75% of financial management customers in Queensland receive a fee rebate, and around half of them receive a fee rebate of more than 70% of their fees. It appears that a significant portion of financial management customers serviced by other public trustees in Australia also receive significant CSO benefits. Although some people consider it should be free, like public health and education services, public trustees in Australia do not provide financial management services as a free universal service.

There are both benefits and costs to not providing financial management services as a free universal service. On the one hand, it would make these services more accessible to people who need them, especially those who are vulnerable to elder abuse. On the other hand, it could lead to social isolation and a decline in well-being for some people, as family and friends may be less likely to be involved in managing their loved ones' finances. Additionally, it would increase the demand for these services, which could put a strain on public resources, especially given Australia's aging population. Determining the level of subsidy that the government should provide to financial management customers is a complex decision that needs to weigh the associated cost, the individual and public benefits, and the implications for service standards due to limited government funding.

### Have your say:

- What level of subsidy do you think the government should provide to financial management customers?
- How can governments ensure that there are enough resources to meet the growing demand for financial management services?

### 6.9.3 Assessing customers' financial capability

All public trustees have their own approach to determine the level of CSO based on how they assess customers' financial capacity to pay. The public trustees of Queensland, New South Wales, and Western Australia determine their CSOs based on the customer's asset value. However, the public trustees of Victoria, South Australia and Tasmania determine CSOs based on both asset value and income. Most financial management customers have some form of income - at least an age or disability pension. Therefore, determining CSOs based on customers' asset value and income is likely to result in customers with low financial means paying a higher contribution to their fees, which has the potential to reduce government funding for this service.

### Have your say:

- What is your view on how QPT can improve its assessment of financial capability to ensure that CSOs are targeted to those in need?
- Are there examples of other services that are means or asset tested that could inform changes to the CSO?

### 6.9.4 Other factors for consideration

The level of fee rebate provided by QPT is currently determined by a customer's financial capacity to pay. This is not the only basis for determining the level of fee rebate. For example, Australia Post is required to provide standard letter services at a single uniform rate to all Australians, regardless of where they live. In this case, CSO is based on universal service standard, rather than capacity to pay. CSOs for financial management customers can be based on several factors.

## Striking the right balance with PFA level 6 fee

The PFA fee, which makes up the bulk of the financial management fee, is based on the customer's living arrangements, whether QPT manages their main source of income, and how often the customer contacts QPT.

The Public Advocate has expressed the view that the PFA level 6 fee, which is based on the frequency of contact with QPT, disproportionately impacts customers who require more support from QPT and places a financial burden on some of the most vulnerable members of the community. The Public Advocate believes that this fee structure could create a financial barrier for some customers and deter them from seeking the support they need from the public trustee. Additionally, it is not clear to customers and their support networks how QPT determines the frequency of contact that triggers a category level 6 fee.

QPT acknowledges the need to provide more information to prevent the possibility of customers being deterred from seeking the support they need. The current description of the level of support in Schedule 4 of the Notice oversimplifies the process followed to categorise a customer as PFA level 6.

For a customer to be classified as PFA level 6, they must maintain consistent and regular contact over a sustained period. Typically, this involves engaging with the customer for more complex or recurring administrative tasks spanning three to six months.

QPT also recognises that using frequency of contact to determine the PFA level 6 fee may seem simplistic, but it is a good indicator of the work undertaken to serve these customers. QPT's review of activity-based costing shows that it takes more time and effort to work with PFA level 6 customers and their support network to understand their views, wishes, and preferences.

Nevertheless, QPT empathises with stakeholders' discord with a government entity charging a higher level of fee to vulnerable members of the community who require more support. The policy conundrum that QPT faces is that if PFA level 6 customers are charged the same fee as PFA level 5 customers, then the additional cost of serving these customers must either be recovered from other customers or funded as a CSO.

### Have your say:

- What are your views on QPT's current CSO arrangement?
- How would you suggest it be changed to ensure that vulnerable customers have access to affordable financial management services?



## 7 Will-making services

### 7.1 Overview of service

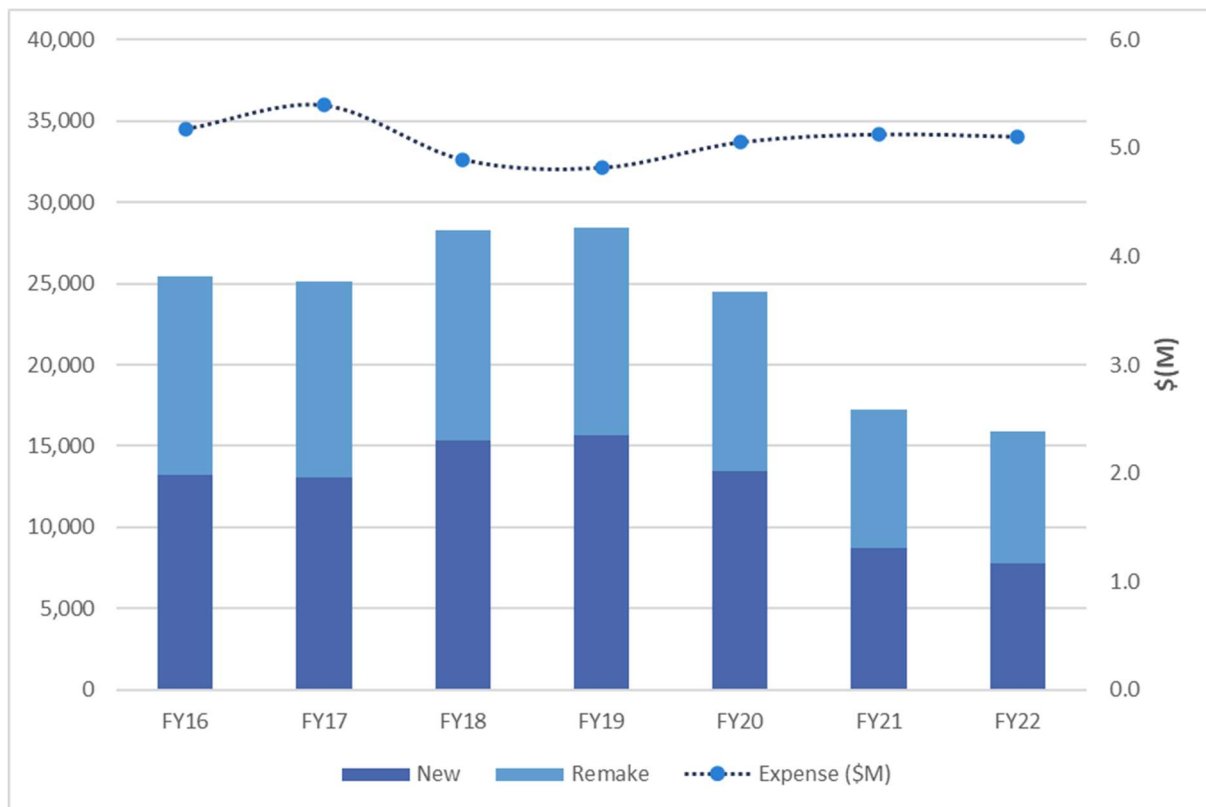
A will-making service is a specialised service that helps individuals create Wills that specify how their assets and belongings will be distributed after their death. Wills allow the person making the Will (the testator) to name beneficiaries, such as family members and charitable organisations, and instruct how their assets will be divided among them. It can also contain wishes about funeral arrangements and the care of children. A Will also names an executor, who is responsible for managing the distribution of assets according to the terms of the Will. Will-making services are typically offered by solicitors, financial planners, law firms, private trustees and public trustees.

Various providers offer a wide range of will-making services to cater to different levels of complexity and client preferences:

- For individuals seeking a do-it-yourself approach, some providers offer basic Will kits, enabling individuals to complete their Wills without professional assistance.
- Moving up the spectrum, there are providers that offer interactive online will-making services, providing a more user-friendly alternative to traditional Will kits.
- Most providers generally offer comprehensive full-service solutions. With these services, a professional will-maker assesses the individual needs and testator's capacity, handles the drafting and review process, oversees the execution of the Will, and offers estate administration services.
- Additionally, some full-service providers may also offer secure document storage for Wills.
- At the top end of the spectrum, solicitors specialising in succession law offer highly personalised will-making services. These comprehensive services include expert legal and taxation advice, specifically tailored to clients with complex estates of moderate to high value. This level of service ensures clients receive meticulous attention to detail and strategic guidance in their estate planning process.

For over 100 years, QPT has been offering a will-making service for people of Queensland. QPT is the largest maker of Wills in the Southern Hemisphere. In FY23, QPT prepared a total of 15,461 Wills without a charge to customers. Additionally, the people of Queensland are provided free secure document storage service for Wills, irrespective of whether QPT created the Will. QPT securely stores over 1.2 million Wills. The trend in will-making activity and the expense incurred by QPT for providing these services is illustrated in Figure 7.

Figure 7: Number of Wills prepared and will-making expense



At QPT, the task of preparing Wills is primarily assigned to professional will-makers who use specialised intelligent document software designed specifically for making Wills. QPT was an early adopter of a revolutionary software product that assists professionals in the Will drafting process, leading to faster and more precise Wills. This software ensures enhanced efficiency, consistency, and accuracy. The software used by QPT has undergone specific modifications and is diligently maintained to prepare Wills that comply with Queensland laws. The legal clauses and branching questionnaires (where questions asked are determined by the answer to previous questions) built into the software are developed and thoroughly tested by senior solicitors. Although most professional will-makers at QPT are not solicitors, the quality of the Wills remains exceptionally high due to the use of the sophisticated software. Additionally, QPT maintains a high standard of training for will-makers and draws from extensive experience in preparing Wills and administering deceased estates.

The will-making process at QPT typically involves a one-hour face-to-face interview with customers. During this hour, a professional will-maker welcomes the customer, explains the process, collects essential details, assesses the specific needs of the customer, generates a draft Will, reviews the draft with the customer, finalises the assessment of the testator's capacity and facilitates the execution of the Will. A key part of this process involves the professional will-maker guiding the customer through the branching questionnaire in the software and inputting the customer's responses to generate a draft Will. In exceptional circumstances where significant modifications to the drafted clauses are required, which may potentially impact the legal intent, such modifications are made and subsequently approved by solicitors. After the Will is executed, it is peer-reviewed for accuracy and additional assurance.

## 7.2 About customers who choose QPT for Will preparation

QPT is renowned for providing exemplary will-making services for a diverse group of customers with simple to moderately complex estates (involving multiple beneficiaries, diverse assets, and trusts). Approximately half of QPT's will-making customers are over the age of 60. Notably, around 25% of customers are aged 35 - 50, while those under 35 represent less than 10% of customers. Due to privacy considerations, QPT does not collect asset or income information about Wills customers. Following are stories of typical customers who choose QPT to prepare their Wills.

### Meet John and Sue

John, 82, and Sue, 79, have built a life together for over five decades, without having any children.

Both John and Sue receive pensions and their assets are relatively modest.

They initially held the belief that a Will was unnecessary due to their limited possessions. However, witnessing the complexities and expenses that their friend Catherine faced after her husband passed away without a Will prompted John and Sue to reconsider their decision. They recognised the importance of having clear legal arrangements in place to ensure their wishes were respected and their loved ones were protected.

They turned to QPT to make their Wills.

John and Sue opted to name each other as the primary beneficiaries, followed by their niece as the sole beneficiary upon their passing.

To alleviate the burden from any extended family members, John and Sue appointed QPT as the executor of their estates.

### Meet Gertrude

Gertrude, 36, resides with her partner and their young child. She is a lawyer, and her career has afforded her a comfortable lifestyle with moderate level of assets.

Gertrude turned to QPT to make her Will, drawn by the organisation's reputation for preparing high-quality Wills at no cost.

Gertrude's decision to prepare her first Will was motivated by the desire to safeguard the interests of her young child, and to provide clarity for her partner. She sought to ensure her wishes regarding the distribution of her assets would be honoured, offering peace of mind and certainty to her loved ones.

## Meet Vanessa and Darren

Vanessa, 53, and Darren, 54, were nearing retirement and realised that updating their Wills was an essential part of their future planning.

Having raised their family and now actively involved in a small business with one of their adult children, they sought to ensure their assets would be divided equitably among their children.

Vanessa had witnessed firsthand the complexities and challenges that can arise from estate planning decisions, while Darren's family had positive experiences with QPT as the executor of two family members' estates. Based on these experiences, the couple decided to use QPT's will-making and estate administration services, trusting its expertise and impartiality.

## Meet Jennifer

Jennifer, 68, is the mother of Jacob, who lives in supported care due to a lifelong disability. With modest assets, Jennifer's primary desire is to secure Jacob's future through her estate planning.

When voicing her concern over the likely cost of having a Will prepared, a friend in her support group mentioned the free will-making service through QPT.

Through this service, Jennifer made a Will that allocated a significant portion of her estate to a trust for Jacob, ensuring his continued care and support. She also specified that any remaining funds, upon Jacob's passing, would be distributed among her other children.

Jennifer was able to choose whom to appoint to manage the trust fund for Jacob, and set out what type of payments and discretion QPT could apply on behalf of Jacob, giving Jennifer peace of mind about her estate.

## 7.3 Current fee structure

QPT does not charge for the preparation, amendment, or storage of Wills. For people who are hearing impaired or have difficulties communicating in English, accredited interpreters are provided and paid for by QPT. In exceptional circumstances, professional will-makers can travel to a customer's home or a hospital to make a Will at no cost to the customer.

QPT has maintained a tradition of providing free will-making services over many decades. This practice began when the former Public Curator Office created Wills for men and women who were leaving to serve their country in World War I.

The public trustees providing universal free will-making services was an established norm in Australia. It was supported for the following reasons:

- **Social good and orderly property succession:** the provision of free will-making services contributes to the reduction of intestate estates, which can create complexities and delays in asset distribution. Well-drafted Wills can reduce the likelihood of disputes among family members over asset distribution, promoting orderly property succession with minimal recourse to the courts.

- **Benefits for disadvantaged individuals:** offering free will-making services ensures disadvantaged individuals can have their Wills prepared professionally and without financial burden. This empowers them, providing a sense of peace of mind, knowing that their assets will be distributed according to their wishes. It also alleviates the burden on their families, who may otherwise face unnecessary complexity and costs associated with intestacy.
- **Loss leader approach to pricing:** providing free will-making services serves as an entry point for public trustees to engage individuals who may require additional services. Will-making services while provided at a loss, can generate income from deceased estate and trust services.

## 7.4 Rationale for continuing free will-making service

Other public trustees in Australia have restricted their free will-making services to either concession holders (such as full Centrelink Age Pension holders) or to customers who appoint them as executors of their deceased estates (see Figure 8). Some stakeholders believe QPT's free will-making service benefits Queenslanders who can afford to pay for a Will. They question whether the public benefits of providing free will-making service to some who can afford to pay outweighs the cost.

While the policy rationale for universal free will-making services is no longer as strong as it once was, providing free will-making services to all Queenslanders still does provide a public benefit.

The *Succession Act 1981* includes clear provisions for distributing intestate estates. It will likely undergo further reform to give effect to modern community expectations following consultation on a legislative review that concluded in October 2023. Affordable will-making options have emerged such as Will kits, online interactive Will kits and charitable will-making services, which have reduced the need for public trustees to provide free universal will-making services. Despite this, many Queenslanders continue to use QPT's free will-making services.

The government understands that the cost-of-living crisis is putting a strain on many people's finances. As a result, charging for Wills could see many people put off this important task. Access to a free will-making service can help to make it easier for people to get this important task done, even if they are struggling financially. This service can help to ensure that all Queenslanders have access to justice, peace of mind, and reduced stress for loved ones. It can also help to reduce the costs for loved ones and provide essential help with estate planning.

### Have your say:

- What are your views on the benefits and costs of QPT providing free universal will-making services to all Queenslanders?
- Should the subsidisation of will-making services be restricted to certain groups? If so, who should qualify and why?

Figure 8: Simplified comparison of will-making fees in Australia by public trustee

Public Trustee	Will fees		Notes
<b>Queensland</b>	Basic Will:	Free	
	Custom Will:	Free	
<b>New South Wales</b>	Basic Will:	\$462	Free for full Centrelink Age Pension holders and those meeting the criteria but instead receiving Department of Veterans' Affairs Pension or Disability Support Pension.
	Custom Will:	From \$583	
<b>Australian Capital Territory</b>	Basic Will:	\$410	Free for seniors (aged 60 and above) and concession card holders. \$50 discount applies for Couple Will.
	Complex Will:	From \$488/hr	
<b>Western Australia</b>	Basic Will:	\$381	<p>Service is only provided if the Public Trustee is appointed as sole executor or substitute executor with the spouse as the first executor. No specific fee for complex Wills. Fees are discounted as follows:</p> <ul style="list-style-type: none"> <li>• Concession card holder: \$51</li> <li>• Couple Will for concession card holder: \$41</li> <li>• Couple Will for others: \$254.</li> </ul>
<b>Victoria</b>	Basic Will:	\$330	Basic Will fee is discounted by 20% if the customer is an eligible concession card holder, nominates the State Trustees as Primary Executor in their Will, or activate their Financial Power of Attorney with State Trustees.
	Custom Will:	\$330/hr	
<b>Tasmania</b>	Basic Will:	\$140	Free for Seniors and Australian Government Pensioner Concession card holders when QPT is appointed as executor. This service is offered as a bundle, where the will and enduring power of attorney are prepared together for \$140 each.
	Custom Will:	\$140 + \$295/hr	
<b>Northern Territory</b>	Basic Will:	\$139	Service is only provided if the Public Trustee is appointed as executor. Basic Will fee for concession card holder is set at \$27.
	Custom Will:	\$346	
<b>South Australia</b>	Basic Will:	Free	Service is only provided for concession card holders who appoints the Public Trustee as executor.
	Custom Will:	Free	

## 8 Deceased estate administration services

### 8.1 Overview of service

The administration of a deceased estate involves managing the assets and liabilities of a deceased person and distributing their estate according to their Will or the laws of intestacy.

Following is a general outline of the steps involved in deceased estate administration:

- **Reporting the estate:** locating the Will (if any) and identifying the beneficiaries. If there is no Will, the beneficiaries of the estate will be determined in accordance with the laws of intestacy.
- **Confirming assets:** contacting banks, insurers, financial and government agencies, and other institutions to identify full details of what the estate owns and then arranging for assets to be transferred to the estate and obtaining valuation of assets.
- **Obtaining administration:** preparing any legal documents needed to obtain administration (probate) in the estate.
- **Dealing with the assets:** ensuring that the terms of the Will are carried out, as well as managing the paperwork, closing bank accounts, finalising pensions, household accounts and other outstanding matters. In addition, ensuring any assets held are protected by insurance and managed properly until the estate is settled. Further, this process can also include collecting, selling, or transferring assets depending on the terms of the Will and considering the wishes of the beneficiaries.
- **Paying debts and taxes:** paying all debts and making arrangements to prepare and lodge tax returns.
- **Distributing the estate:** transferring assets and distributing money in accordance with the terms of the Will or the intestacy laws if there is no Will. By law, this process cannot generally occur until six months have passed from the date of death. This allows any eligible people to notify their intention to make a claim on the estate.

In Queensland, there are both public and private providers of deceased estate services. QPT is one of many professional providers across the State. Other providers include Australian Executor Trustees, Australian Unity, Perpetual, Equity Trustees, as well as many law firms and individual providers.

Law firms and individual providers tend to handle estates of moderate value, typically larger than those taken on by QPT. Without QPT's affordable services, some customers would likely need to rely on family or friends to administer their deceased estates.

QPT is committed to serving the community and supporting individuals to protect their interests. As a public entity, it aims to provide accessible, affordable, and high-quality services, particularly to those who lack the resources or expertise to manage their own estates.

Typically, QPT acts as the personal representative or administrator in the full administration of a deceased estate. In rare cases (less than 5% of deceased estate matters), QPT may only have limited involvement, such as supporting real estate property transactions for a surviving joint tenant, transmitting real estate property in accordance with a Will, or acting as an agent for a third-party executor of a Will for one or more administration requirements.

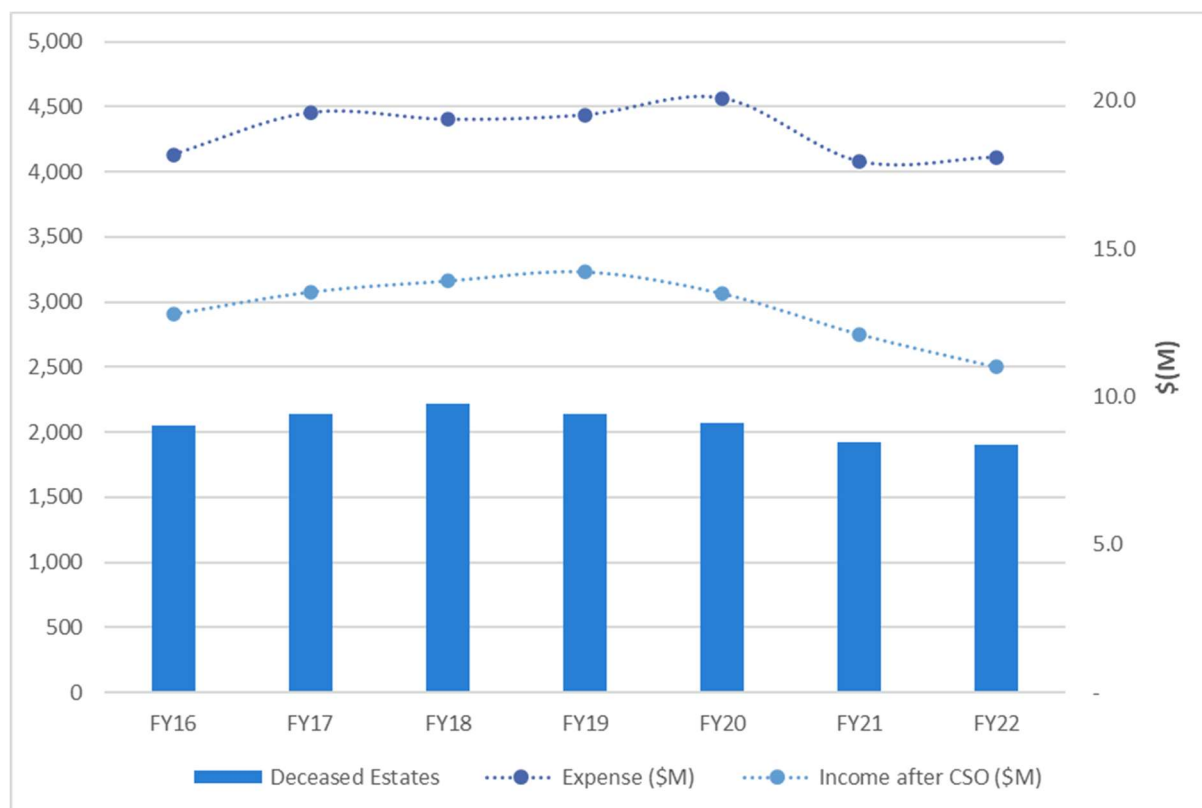
Many of the estates managed by QPT are small, below the size that private providers would find profitable to manage. Less than 15% of deceased estates managed by QPT have more than \$400,000 in asset value, and around 52% have less than \$50,000.

Administration of deceased estates is the second largest service area of QPT. Figure 9 shows the number of deceased estate administration services completed for the period, expense, and income (after CSO).



In FY22, QPT only recovered 61% of the cost of providing deceased estate services. QPT does not have a broad-based CSO policy for deceased estates services, instead it has a more targeted discretionary policy to assist with smaller value estates. The annual CSO rebate for deceased estates is less than 2% of the invoiced fee.

Figure 9: Deceased estate administration completed, expense and income after CSO



## 8.2 Current fee structure

The current fee structure for handling deceased estate administration uses individual fees for distinct activities within the overall process. In simple terms, the total fee charged for each case is determined by summing the applicable individual fees.

This structure is designed to ensure that the total fee reflects the complexity and effort required for handling each unique estate. The resources needed for deceased estate administration can vary considerably depending on several factors, including:

- The size and complexity of the estate.
- Whether a Will or trust exists.
- The number and types of assets held within the estate.
- The number of beneficiaries involved.
- The presence of any legal disputes or issues.

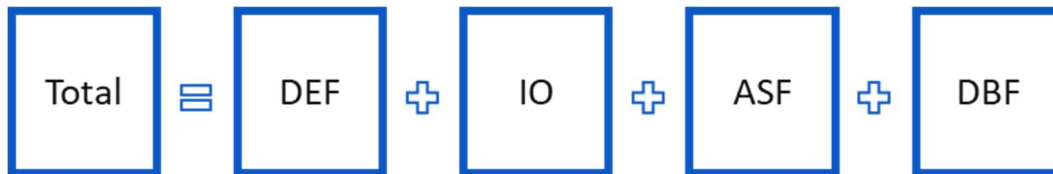
The time and effort needed for estate administration vary significantly based on QPT's legal authority, as defined in the PT Act.

- If the total estimated value of estate assets (excluding real property) is under \$75,000, QPT is entitled under Section 35 to administer the estate without being required to either file an election to administer or obtain an order to administer.



- If the total estimated value of estate assets (excluding real property) is greater than \$75,000, but when including real property is no greater than \$150,000, QPT is entitled under Section 30 to file with the court an election to administer.
- If the total estimated value of estate assets (including real property) exceeds \$150,000, QPT is required under Section 29 to apply to the court for grant of an order to administer.

The current fee structure for full administration of a deceased estate is:



Total	Total fee for full administration
DEF	Deceased estate fee
IO	Incidental outlays
ASF	Additional services fees
DBF	Deceased beneficiary fee

### 8.2.1 Deceased estate fee

The deceased estate fee is the main component of the total fee for deceased estate administration. It is calculated in two steps, reflecting the specific effort required for each case.

Step 1: Calculates the total effort to administer:

- Determine the applicable activities and total the ‘Standard Units of Effort’ (SUOE) for the estate.
- Schedule 2A in the Notice assigns SUOE to various estate administration activities (see the Notice in Appendix 1).
- For examples: 75 SUOE for general administration, 50 SUOE for filing an election to administer, and 15 SUOE for dealing with each bank account.

Step 2: Determining the deceased estate fee:

- Schedule 1 in the Notice assigns service level and corresponding deceased estate fee based on the total SUOE (see the Notice in Appendix 1).
- Deceased estate fee ranges from \$462 to \$34,880 (from service level 1 to 24).
- Deceased estate fee for service level 24 (exceeding 1,315 SUOE) is charged based on QPT's hourly rate.
- The fee for a full administration has a minimum charge of \$1,751, corresponding to service level 6 (76-90 SUOE).
- In two specific situations, fixed fees apply instead of the minimum fee:
  - If QPT is solely engaged to record the death of a joint owner of real property on behalf of the surviving owner, a fixed fee of \$643 applies, equivalent to service level 2 (SUOE 21-30).
  - When the only asset within the estate is land solely in the name of the deceased, and the only required action is a transmission application, a fixed fee of \$1,043 applies, equivalent to service level 3 (SUOE 31- 40).

The deceased estate fee may be reduced if the actual effort needed to administer the estate is substantially lower than the standard effort estimated by Schedule 2 Part A of the Notice. For instance, if a client has five bank accounts at the same bank, and the actual work involved in managing them is significantly less than the prescribed SUOE, the fee may be adjusted accordingly.

There is a discretionary CSO policy to reduce fees for small value estates (less than \$10,000) if the fees would be disproportionately high relative to the asset value of the estate. QPT has a standard operating procedure to ensure fees are commensurate with the actual effort required to administer each estate. This procedure includes a specific review step during the statement of account preparation process. Additionally, procedures, delegations and controls are in place within QPT's information technology systems to ensure transparency and consistency in the preparation of statement of accounts.

### **An example of how the deceased estate fee is calculated**

Grant's estate exceeds \$150,000. To administer Grant's estate, QPT is required to perform general administrative duties, apply to the court for grant of an order to administer, obtain a refund of nursing home entry contributions, and manage two bank accounts.

The total SUOE required to administer Grant's estate is the sum of:

- General administration – 75 SUOE
- Obtaining an order to administer – 75 SUOE
- Obtaining refund from nursing home – 25 SUOE
- Dealing with two bank accounts – 30 SUOE

Deceased estate fee for this administering Grant's estate is \$5,968 (corresponding to Service level 12), calculated based on the total of 205 SUOE.

## **8.2.2 Incidental outlays**

Incidental outlays contribute towards QPT's general administrative costs for customer accounts, including costs associated with email, printing, telephony, and facsimiles. This fee is determined by the annual number of transactions recorded against a customer's file. There are 10 fee bands, starting at \$31 for up to 55 transactions and reaching \$193 for over 220 transactions. For deceased estates, the average charge per estate is approximately \$37, slightly above the minimum value of \$31.

## **8.2.3 Other fees**

The additional services fee is an hourly charge for services such as dealing with a customer's business and other activities undertaken by QPT for which no fee has been set in the Notice (see Part 13 in the Notice).

In cases where a beneficiary to an estate under administration is also deceased, a deceased beneficiary fee will apply for the costs of distributing funds held for that beneficiary. This fee is charged at QPT's hourly rate, between a minimum of \$349 to a maximum charge of \$1,163.

## What is an outlay?

An outlay is an expense that a professional service provider pays on behalf of a customer but is not included in the price of the service. For example, in a deceased estate administration service, outlays might include court fees and title fees.

Outlays also include fees charged by professional service providers that fall outside the scope of the deceased estate administration business. For example, if QPT's deceased estate business engages QPT's property service business to auction a house on a customer's behalf, the cost of the auction is considered an outlay, even though it is being provided by another QPT business area. This is because the cost of the auction is not included in the fee QPT charges for deceased estate administration services. The same is true of expenses incurred in obtaining legal, taxation or genealogy services.

Outlays are directly passed through to deceased estates. QPT provides estate beneficiaries with an itemised statement recording all outlays relating to their matter.

### 8.3 Issues with current charging structure

QPT's current charging model for deceased estate services does not reflect the true cost of providing these services. The deceased estate business has consistently operated significantly below cost recovery level for many years, with cost recovery continuing to decrease. In FY22, QPT recovered approximately 61% of the cost of providing deceased estate services. Over the past decade, the cost recovery rate for simple matters typically associated with low-value estates (classified at or below service level 6) has fluctuated around 40%. This is due to the following factors:

- Policy uncertainty: QPT's role in providing deceased estate services is not clearly defined. This makes it difficult for QPT to decide which customer segments to focus on and how to balance public benefit with financial sustainability.
- Low-value estates: Many of the estates managed by QPT are small, below the size private providers would find profitable to manage. This means QPT is subsidising the cost of providing services to these estates.

The current fee structure for deceased estate administration was developed 20 years ago and has not changed since. However, the effort and skill required for deceased estate administration has changed significantly during this time. Increased efficiency in communication, availability of online tools and resources, and automation of administrative tasks have reduced the effort involved in some of the transactions with financial institutions, utility providers and government agencies. At the same time, the cost involved in general administration and performing complex tasks associated with taxation, superannuation and real property has increased due to increased regulations. This is due to:

- The amount of effort and skill required for undertaking general administration increasing significantly, including obtaining a certificate of death, dealing with utility and other services accounts, attending to registry searches, overseeing tax returns, establishing the identity and entitlement of up to three beneficiaries, and distributing funds to all beneficiaries.
- Taxation laws relating to deceased estates becoming more complex in recent years and with increased scrutiny from government agencies. Estates have also become more complex due to rising property values, investments, and digital and financial assets.

## 8.4 Reform objectives

Increase cost recovery from deceased estate services, while ensuring that any transition to higher fees occurs gradually to prevent a significant restriction of access for vulnerable customers. The fee structure should reduce significant losses from providing services to low-value estates. Additionally, fee reform should encourage low-cost providers to enter the market and provide services to customers with low-value estates.

## 8.5 Options

In developing fee options, QPT considered different pricing strategies and structures. The following fee options are considered the two most viable options, in terms of balancing community and government impacts, and ease of implementation. Most lawyers providing deceased estate services use an hourly charging structure. QPT opted against extensive use of this charging structure to avoid the risk of significant customer dissatisfaction with hourly billing practices.

### 8.5.1 Option 1

Option 1 is a commission-based fee structure where the main component of the fee is linked to the deceased estate's assessable asset value. Most public trustees in Australia use commission-based fee structures for deceased estate administration, but with different commission rates.

Under Option 1, the proposed fee structure for full administration of a deceased estate is:



Total	Total fee for full administration
EAF	Estate administration fee
ASF	Additional service fees

Following are the key characteristics of this option:

- The estate administration fee is a one-time fee, calculated as a commission on the deceased estate's assessable asset value, which is equal to the total asset value minus half the value of the principal place of residence (if any).
- The estate administration fee is calculated by totalling:
  - 6% for the first \$75,000,
  - 5% for the next \$425,000,
  - 4% for the next \$500,000,
  - 2.5 % for the next \$1m, and
  - 1.5 % of asset values beyond \$2m.
- If the commission on the assessable asset is less than \$3,500, a minimum fee of \$3,500 would apply (before accounting for any fee rebate).
- There is a structured fee rebate policy that caps the total fee to the maximum of either \$1,500 or 6% of the estate's assessable asset value.

## 8.5.2 Option 2

This option simplifies the current fee structure while introducing a revised SUOE schedule, with aims to:

- Improve cost recovery by better reflecting the contemporary costs associated with diverse activities within deceased estate administration.
- Implement gradual transition, supporting access to services for low-value estates while paving the way to improve QPT's financial sustainability.

Key aspects of the updated SUOE schedule:

- Reflects contemporary practices: the schedule incorporates changes made in estate administration over the past 20 years.
- Identifies variable activities: tasks with highly variable effort requirements would be charged based on the hourly rate, fostering cost fairness.
- Accommodates complexity: by recognising the potential for significantly increased workload in certain activities. The fixed fee incorporates a dedicated time allocation within its structure. For example, the fee for instructing and overseeing a taxation service provider includes up to two hours of dedicated support. Any time exceeding this allocation would be charged based on the hourly rate.

See Appendix 3 for detail of all the changes proposed under Option 2. Following are the key characteristics of this option, as compared to the current charging structure:

- Schedule 2 Part A would be updated.
- Schedule 2 Part B would be abolished. A new activity would be included in the updated Schedule 2A to capture the fees payable on the cessation of the life or limited interest in a testamentary trust.
- Schedule 3 would be amended, to redefine 'general administration activities and duties'.
- The estate administration fee would be determined using the following formula: total SUOE / 10 \* QPT's hourly rate. Schedule 1 used to determine the deceased estate fee would be abolished.
- Incidental outlays would be abolished.

Under Option 2, the proposed fee structure for full administration of a deceased estate is:



Total	Total fee for full administration
EAF	Estate administration fee
ASF	Additional service fees
DBF	Deceased beneficiary fee where applicable

## 8.6 Analysis of options

The analysis compares each option against the base case. It examines the strengths and limitations of each option from community and government stakeholder perspectives: from a community perspective, the assessment will examine impacts on different customer

segments, access to services, and long-term effects on the sector; from a government perspective, the assessment will focus on effective delivery of government services and fiscal impacts; from QPT's perspective, the focus will be on ease of implementation and impacts on employees.

### **8.6.1 Community impacts**

QPT is one of the largest providers of deceased estate services in Queensland, administering around 1,900 full administration deceased estates each year. Any major change to QPT's fees for deceased estate business would have a notable impact on the community, particularly for customers with low-value estates. Affordability is a key consideration when analysing the community impact of any proposed changes.

Most of QPT's customers have relatively small estates. Adoption of Option 1 would benefit around half of QPT customers with less than \$50,000 in asset value. However, Option 1 would negatively impact customers with total asset value exceeding \$300,000. A fee structure based solely on asset value would likely undercharge for complex cases and overcharge for simple cases, because the level of effort and cost required to manage a deceased estate is not closely linked to the estate's asset value. A key concern with Option 1 is that the fees are not aligned with the costs of service and can increase rapidly and exceed fees based on the cost of service (see Figure 10).

In contrast, Option 2 does not significantly increase average fees for managing high-value estates. The increase is more modest. However, with Option 2, the increase in average fee for customers with low-value estates is relatively high as compared to the base case (see Figure 11). At the same time, Option 2 has the potential to encourage greater competition in low-value estate administration, which can reduce costs and improve service delivery.

#### **Benefits from greater competition**

Innovative private providers have the potential to deliver deceased estate services more quickly and at a lower fee than QPT because they can take on more risk and operate within a less regulated environment. They can also be more effective in delivering technology-enabled solutions to automate tasks that increase the efficiency and effectiveness of their service.

As a public entity, QPT is subject to a high level of accountability, which leads to a more cautious and process-oriented approach than private providers. Private providers are not subject to the same level of public scrutiny and accountability. This means that they are more willing to take calculated risks to improve the speed and efficiency of their services. For example, a private provider may be more willing to settle a dispute with a creditor quickly, even if it means accepting a slightly lower payout.

Figure 10: Average fee for each option, by total asset value brackets

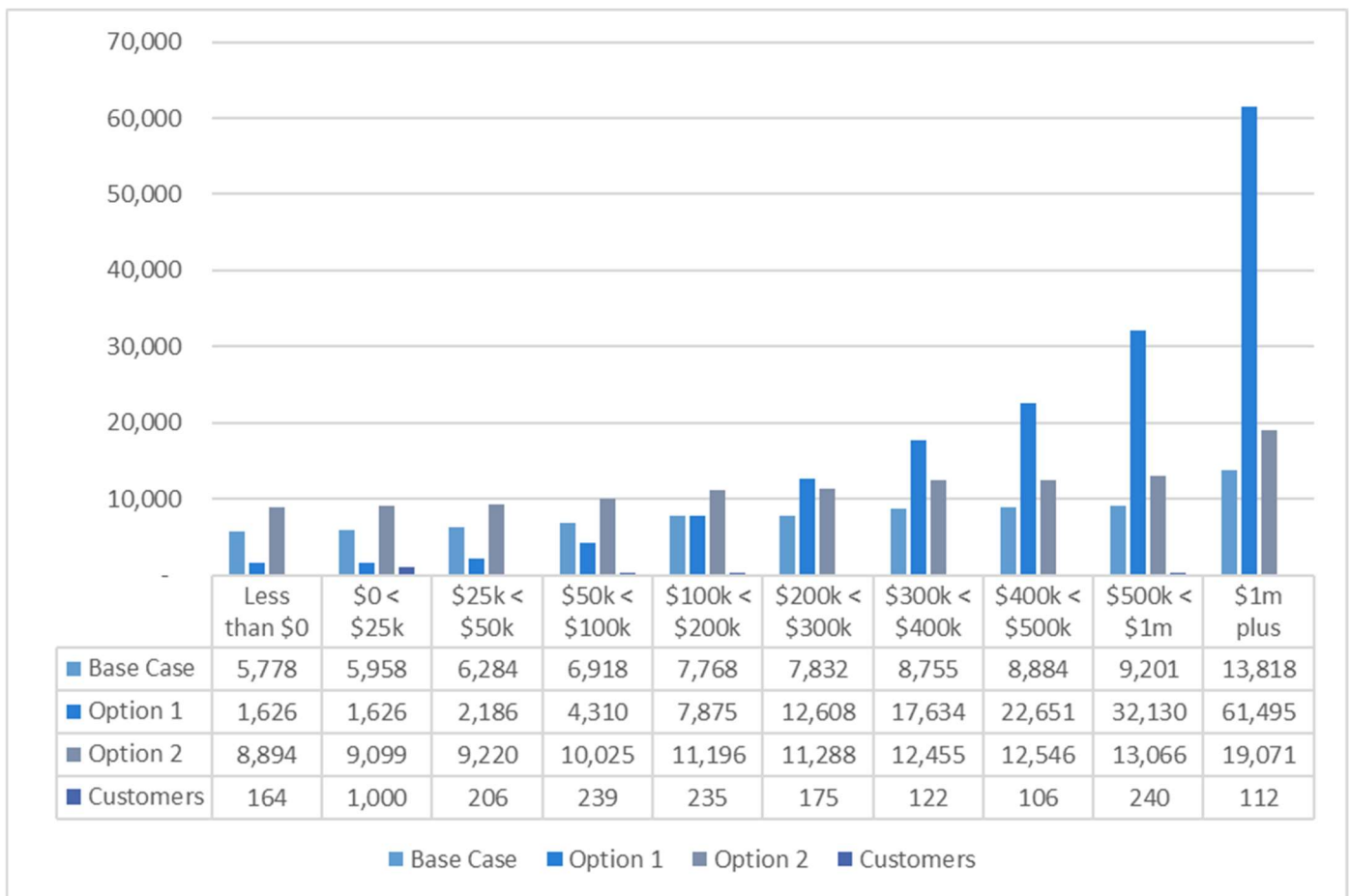
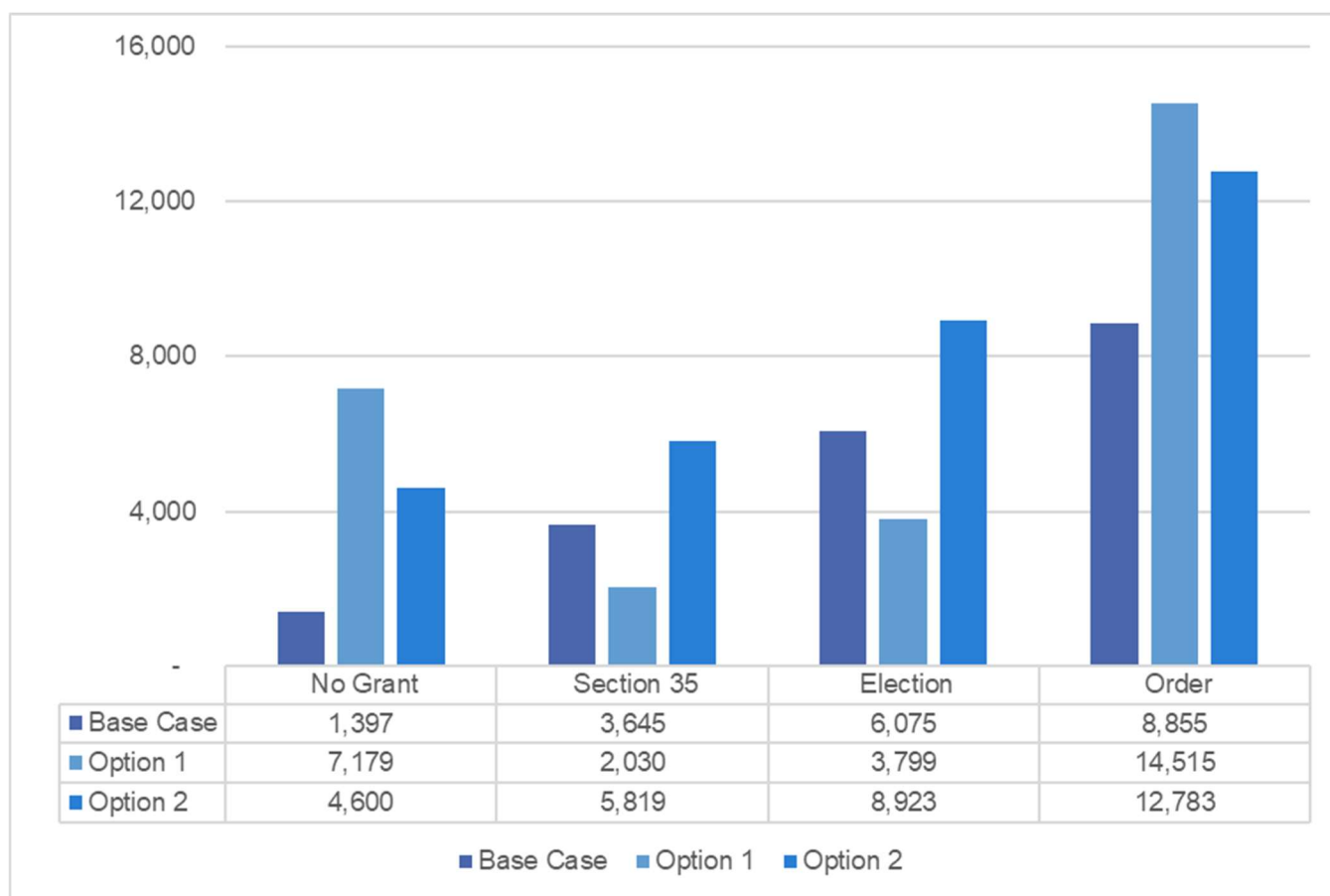


Figure 11: Average fee for each option, grouped by authority type



### 8.6.2 Government impacts

Option 2 is the best option for limiting losses from administering low-value estates and increasing cost recovery from customers who can afford to pay fees that are commensurate with the cost of the service. Under this option, the cost recovery rate is expected to improve from around 61% to over 90%, which would increase revenue by \$5.2m.

With Option 2, QPT considered raising fees further to achieve investment returns commensurate with a commercial business. However, it decided not to do this to ensure a gradual transition. A faster transition would have adversely impacted the community by further limiting access to services for customers with low-value estates. Therefore, the gradual transition was a better option. QPT considered introducing a structured CSO rebate for customers with low-value estates but did not pursue this option because it could benefit wealthy beneficiaries whose wealth is unrelated to the estate of the deceased. Prior to 2001, when QPT provided structured CSOs, this resulted in the amount received by the beneficiary being increased through unintended subsidisation.

Option 1 only improves cost recovery to 70%, generating an additional \$1.4m in revenue. The key concern with Option 1 is that it would attract an even greater number of low-value customers (including those with complex matters). Over time, this would erode any increase in revenue and put the viability of QPT's deceased estate business at significant risk.

Most other public trustees in Australia charge for deceased estate services using a combination of asset and income-based fees with only Queensland and Western Australia adopting a detailed effort-based approach. Tasmania's public trustee indicated in the 2022 Annual Report that a possible alternative to the capital commission fee structure is under consideration.



All public trustees nationally have been subject to criticism concerning deceased estate administration in relation to high fees with a particular reference to a commission-based pricing structure, and more generally in relation to slow administration and lack of transparency.

### 8.6.3 Organisational impacts

Option 1 would require significant changes to QPT's information management systems and new operating procedures to measure asset values more accurately, the basis for determining the service fee. This could increase the cost of invoicing customers, especially if the valuations are done solely for the purpose of determining fees. Additionally, with Option 1 an increase in complex matters and low-cost recovery could have an adverse impact on staff morale and potentially lead to a higher rate of staff turnover. In contrast, Option 2 would be relatively straightforward to implement.

Any changes to Option 1 or Option 2 would need to be implemented at least one year in advance. This is necessary to notify people of the increase in QPT's deceased estate fees, so that customers who have appointed QPT as their executor have time to consider the impact of the fee changes and remake their Wills to appoint another executor if necessary. Any matters in progress at the time of the fee changes would be invoiced under the existing fee structure.

## 8.7 Preferred option

Option 2 is the preferred option for the following reasons:

- The fee structure is equitable.
- Services would remain accessible.
- Cost recovery would improve, better positioning QPT to provide deceased estate administration services to protect the interests of people with low-value estates.
- Increase in fees would encourage low-cost providers to enter the market and provide services to customers with low-value estates.

While Option 2 results in significant increases in average fees for the administration of lower value estates, the fees are aligned to the cost of services. Option 2 would result in QPT operating a more sustainable service that is likely to be more efficiently implemented, reducing the risk of further under-recovery of the service cost.

### Have your say:

- What are your views on QPT's proposal to increase fees for deceased estate services, which aims to increase cost recovery from approximately 60% to 90%?
- Do you believe there is a need for QPT to have a structured CSO policy in relation to deceased estate services?

## 9 Trust administration services

### 9.1 Overview of service

A trust is a legal arrangement where a person or corporation (trustee) is appointed to hold and manage the assets in the trust on behalf of the beneficiaries according to the terms and conditions specified in the trust document. The trust document outlines the rules and instructions for how the assets should be managed, distributed, and used for the benefit of the beneficiaries. Trusts are commonly used for various purposes, such as estate planning, asset protection, charitable giving, and managing assets on behalf of minors or individuals who may not be able to handle their own affairs. Trust administration involves managing the assets and affairs of a trust, ensuring compliance with legal and fiduciary responsibilities, and fulfilling the intentions of the person who established the trust (settlor). Trust administration typically includes tasks such as asset management, distribution of trust income or assets to beneficiaries, record-keeping, tax reporting, and ensuring that the terms of the trust are carried out in accordance with applicable laws and regulations.

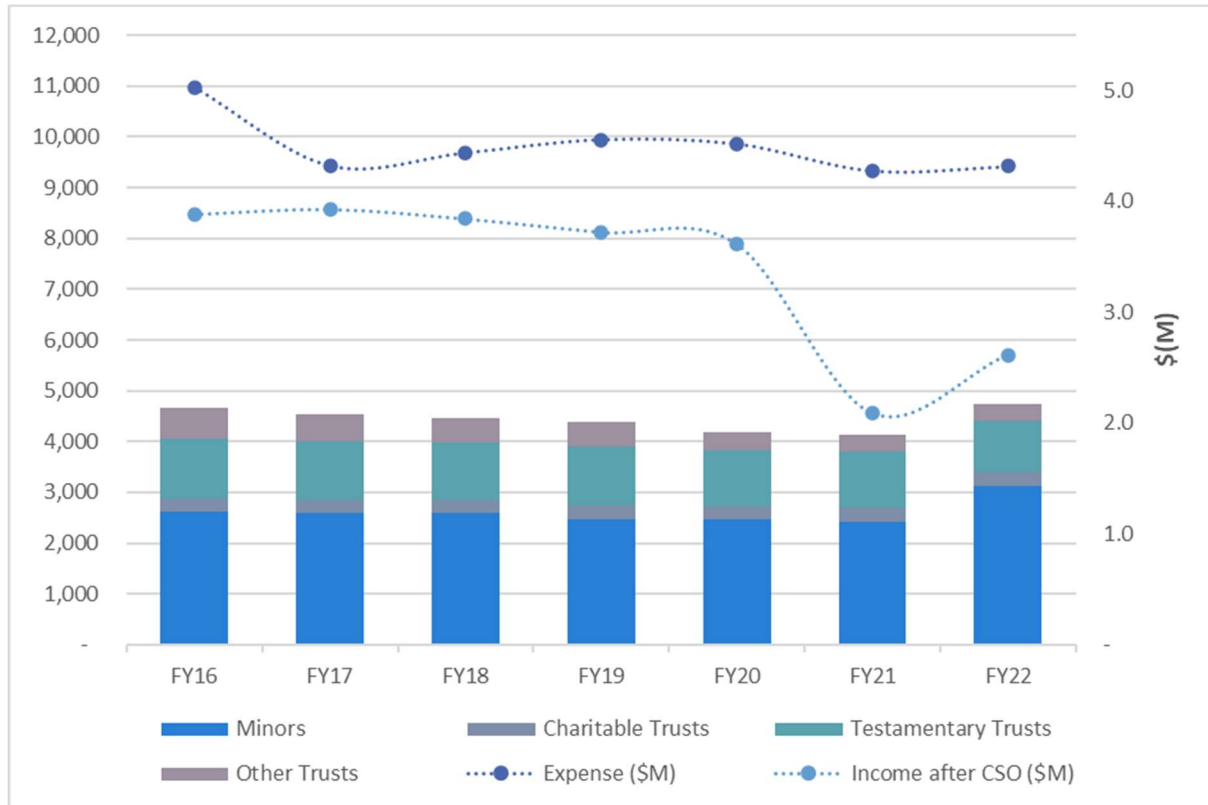
In Queensland, there are a diverse range of providers of trust administration or trustee services. These include QPT, law firms, private trustees, banks, and other financial institutions. Banks and other financial institutions frequently extend trustee services as components of their wealth management or private banking services, typically concentrating on serving high-wealth customers. However, these services may be prohibitively expensive for individuals establishing trusts with lower value assets. Private trust companies (such as Australian Executor Trustees, Equity Trustees, Australian Unity, and Perpetual Limited) typically provide personalised trustee services to individuals, families, and organisations with medium to high-value trusts. The main providers in this market are private trustees and law firms.

For over 100 years, QPT has provided trustee services to people of all income levels in Queensland. Currently, QPT manages a significant portfolio of trusts, with more than 4,700 trusts. Figure 12 shows the number of trusts by trust type (including charitable sub-trusts), expense, and income after CSO.

- Testamentary trusts: these are discretionary trusts established through a Will, with the intention of holding and managing assets for the benefit of one or more beneficiaries specified in the Will. For charging fees, QPT distinguishes between testamentary trusts that involve a life interest or limited interest (where an individual benefits from an asset during their lifetime without inheriting it) and those that do not include a life interest.
- Charitable trusts: a special form of trust created with the purpose of advancing charitable causes. These trusts support a diverse range of philanthropic activities in areas such as education, poverty alleviation, medical research, environmental conservation, arts, and culture. QPT acts as the trustee for five prominent charitable trusts:
  - Queensland Community Foundation – a large trust that distributes income to other charitable entities with Deductible Gift Recipient (DGR) status.
  - Lady Bowen Trust - which works to alleviate homelessness.
  - Queensland Aboriginal and Torres Strait Islander Foundation - provides scholarships to Indigenous students.
  - Forde Foundation - settled in response to the Commission of Inquiry into the Abuse of Children in Queensland Institutions.
  - Gladstone Foundation – provides social infrastructure in the Gladstone region using voluntary contributions made by infrastructure project proponents in that region.

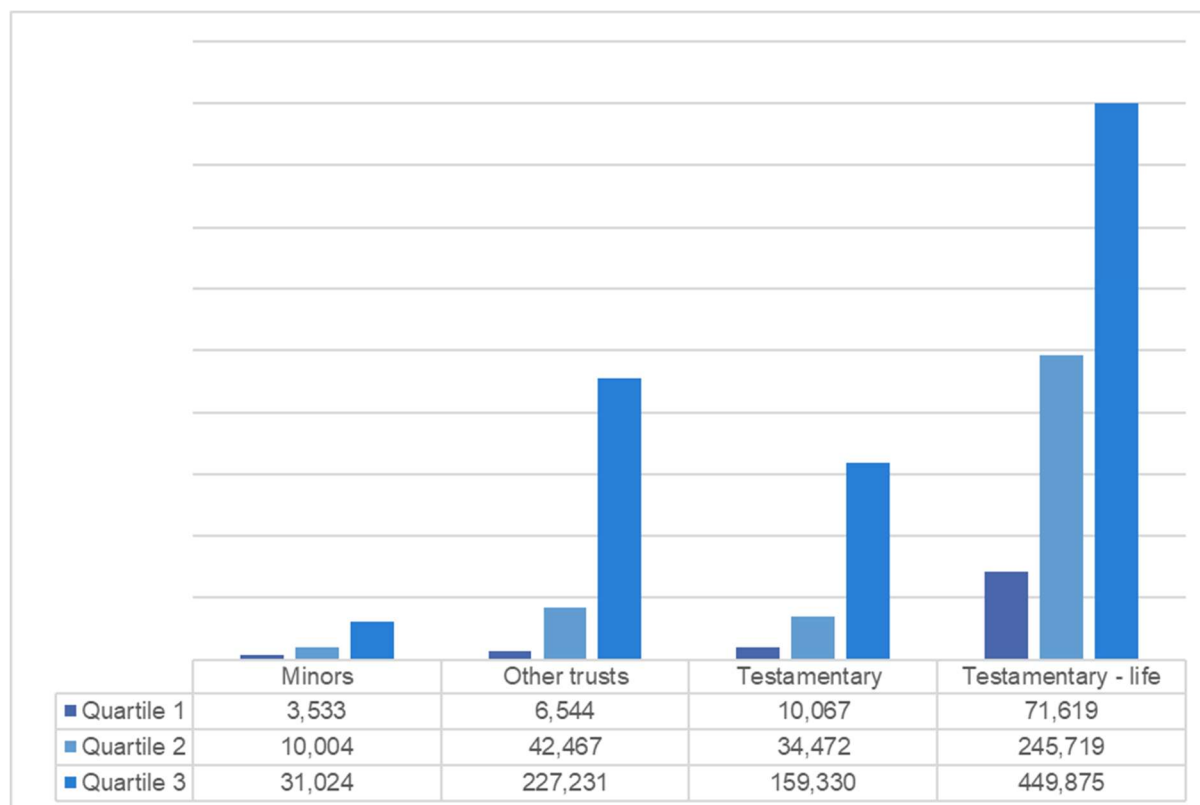
- Minors trusts: trusts established for children (minors) for various purposes, such as receiving funds from a deceased estate, superannuation company, or court-ordered compensation due to injury, civil or criminal acts. The primary objective of these trusts is to administer and preserve the funds for the future benefit of the minor beneficiary. A guardian or a trust beneficiary over 18 years of age may seek financial assistance from the trust for expenses related to education and healthcare.
- Other trusts: includes all other trusts administered by QPT that do not fit into the above-mentioned categories.

Figure 12: Number of trusts by trust type, expense, income after CSO



QPT is uniquely positioned to serve customers with low-value trusts, as many of these customers would not be able to move to a private sector provider. This is because private companies may not accept their business due to the low value of their assets. Figure 13 uses quartile values to show the distribution of asset values for trusts administered by the Public Trustee. The Quartile 1 value of \$3,533 for minors trusts shows that all minors trusts in the bottom quarter have asset values of \$3,533 or less.

Figure 13: Distribution of asset values for trusts administered by QPT



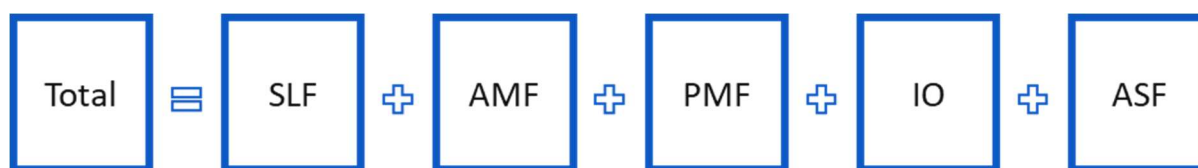
## 9.2 Current fee structure

Trustee fees are calculated using two different fee structures depending on the type of trust involved. The annual fee for acting as a trustee for a DGR charitable trust is currently 6% (excluding GST) of the trust's income. Annual fees for all other trusts are determined using a fixed fee plus increment structure (referred to as the general trust fee structure).

### 9.2.1 General trust fee structure

The general trust fee structure is designed to align the total fee with the amount of effort involved in handling each matter. It has two key components. Firstly, it accounts for the effort involved in managing the trust transactions, such as receiving and depositing funds, making distributions, managing trust properties, tax reporting and compliance, and record-keeping. Secondly, it accounts for the effort involved in appropriately managing and investing the trust's assets to generate returns. This involves making investment decisions, monitoring the performance of investments, and ensuring compliance with investment guidelines and any restrictions specified in the trust. As the value of a trust asset increases, the investment function tends to require more resources and effort. Managing high-value trusts imposes greater responsibilities on trustees in terms of overseeing investments and managing associated risks. Trustees must stay up-to-date on market conditions, investment trends and regulatory environment to navigate the complexities of managing larger trust assets.

The current general trust fee structure is:



Total Total fee for trustee service on annual basis

SLF Service level fee (either the trust service level fee or the testamentary trust service level fee)

AMF Asset management fee

PMF Property management fee

IO Incidental outlays

ASF Additional service fee

The service fee for acting as a trustee is determined by the number of financial transactions in a year, spanning eight fee levels. The service fee for a testamentary trust for the duration of life or limited interest is set in Schedule 8 of the Notice, ranging from nil to \$4,822 per year (see Figure 14). Otherwise, it is set in Schedule 7 of the Notice, ranging from \$445 to \$2,225 per year (see Figure 14).

Figure 14: Service fee for trusts (excluding DGR charitable trusts)

Service level	Number of transactions per annum	Annual fee for a testamentary trust for the duration of life or limited interest	Annual fee for any other trust (excluding DGR charitable trust)
Level 1	0-1	Nil	\$445
Level 2	2-5	\$61	\$584
Level 3	6-10	\$398	\$734
Level 4	11-20	\$805	\$956
Level 5	21-30	\$1,609	\$1,279
Level 6	31-40	\$2,412	\$1,599
Level 7	41-50	\$3,618	\$1,906
Level 8	Over 50	\$4,822	\$2,225

The asset management fee has 14 levels, ranging from nil to \$13,667 (as set in Schedule 6 of the Notice, as used for financial management services) and determined on the assessable value of assets in the trust. The assessable value of assets means the total value of all assets other than real estate property, motor vehicles, household furniture, effects, chattels, and personal jewellery.

### 9.2.2 DGR charitable trusts

Deductible Gift Receipts (DGR) charitable trusts are trusts which have been granted DGR status by the Australian Taxation Office. The annual fee and charges payable for DGR charitable trusts is set out in Section 27 of the Notice and allows for fees to be prescribed by the trust instrument (bespoke arrangement) or set at 6% (exclusive of GST) of the income received for the trust.

### 9.2.3 CSO framework

The CSO framework of QPT works in conjunction with the fees structure to provide rebates for customers who are unable to afford the service fees.

- For all trusts other than charitable trusts, there is a fee cap in place to ensure the total fees paid each year do not exceed 5% of the assessable asset value. Additionally, if the beneficiary resides in the property, the property management fee is rebated.
- For minors trusts, additional protections have been implemented to ensure the total fee charged does not exceed the annual income generated by the trust. This policy is implemented through the establishment of a percentage fee cap, which is based on the value of assets under management. QPT sets the percentages based on the expected return from the managed fund. Currently, the fee cap ranges from 0.2% for assets under management up to \$55,000, to 1% for assets up to \$310,000.

#### Have your say

QPT manages a substantial number of small trusts for minors. A significant number of these trusts stem from small bequests in Wills. For example, grandparents opting to leave a legacy for their grandchildren, gifting \$5,000 each to multiple beneficiaries. These modest amounts must be held separately on behalf of each minor, sometimes for extended periods. The costs associated with managing these small sums often outweigh any potential income or growth over the trust's lifespan. Consequently, without substantial CSO rebates from QPT, the intended legacy may not materialise as anticipated. While QPT strives to protect these funds from erosion, financial markets and ongoing costs can lead to grievances and dissatisfaction among the families and beneficiaries involved.

What do you believe should be QPT's role in managing small trusts, particularly those from small bequests in Wills?

### 9.3 Issues with current fee structure

There are three distinct issues to manage when setting fees for QPT trustee services:

- The current fee structure is based on the number of financial transactions, which was appropriate when the structure was implemented in 2001, as each transaction would have involved some level of trust officer interaction. However, many transactions are now automated, so the current structure for setting service level fees is no longer reflective of the costs of service.

- As a public entity operating in a competitive market, QPT must balance the need to generate revenue with an obligation to provide services to customers with low-value assets, who would not be able to obtain them from private providers. This makes it difficult to set fees that are fair to both commercial and CSO customers, while ensuring the fee structure covers the costs of service. This is particularly noticeable in current asset management fees.
- Acting as a trustee for DGR charitable trusts is one of many ways QPT drives positive social impact. QPT expends considerable effort in performing this important role. However, DGR charitable trust fees have not kept pace with the costs of providing the service, with an estimated cost recovery of around 50%.

### Fee rebate for minors trusts

In FY22, QPT administered 1,313 trusts for minors who had been awarded criminal compensation. Half of these trusts had an asset value of less than \$3,533. The total fee invoice for these trusts was \$675,670, but the fee after CSO rebate was only \$92,581. 86% of the total fee was rebated.

## 9.4 Reform objectives

The proposed option takes all practical steps to ensure that trust customers pay no more in fees than what it cost QPT to provide the service. For all customers, QPT seeks to match fees with the cost of providing the services, taking into consideration the complexity, responsibility, and skills required to perform the service. This means fixing issues with the asset management fee and transaction-based service level fee. Also, it involves implementing a sustainable fee structure for managing DGR charitable trusts, which will enable QPT to balance financial sustainability, while fulfilling social responsibility.

Further, any service provided on a non-commercial basis (where customers are given fee rebates) should increase the net social benefit. To achieve this, QPT should avoid acting as a trustee for low-value trusts if the customer's desired outcome can be achieved in a different way that would benefit them more.

## 9.5 Options

In developing the fee options, QPT considered different pricing strategies and pricing structures. The following fee options are considered the two most viable options, in terms of balancing community and government impacts and ease of implementation.

### 9.5.1 Option 1

Option 1 is a commission-based fee structure where the main component of the annual fee is linked to the gross asset value of the trust.

Capital commission based on the gross value of any trust assets with the minimum annual fee and establishment fee is the industry standard fee structure. Most of the public trustees in Australia use commission-based fee structures for trust administration, but with different commission rates. Some providers also charge an annual income commission on the gross income received by the trust.

Under Option 1, the proposed fee structure for administration of a trust is:



Total Total fee for trustee service on annual basis

TAF Trust administration fee

ASF Additional service fee

Following are the key characteristics of this option:

- Annual trust administration fee is calculated as a capital commission on the gross value of any trust assets (including real estate property). The fee is calculated by totalling: 0.5% for the first \$5m and an additional 0.4% of trust asset values beyond \$5m.
- If the capital commission is less than the minimum fee, the minimum fee would apply. The minimum fee is \$455 for minors and \$1,734 for all other trusts except charitable trusts with sub-trusts. For charitable trusts with sub-trusts, the minimum fee would be calculated by multiplying \$1,734 by the number of sub-trusts.
- The trust administration fee would simplify the fee structure by replacing the trust service level fee, asset management fee, property management fee, and incidental outlays.
- Additional service fees would remain as they are under the current fee structure.
- The CSO rebate would not apply to any new trusts except for new minors trusts, which will have the same CSO arrangement as existing minors trusts. Existing CSO arrangements will continue to apply to all existing trusts. QPT may not accept trusteeship of low-value trusts if following consideration there is an alternative solution beneficial to the customer.

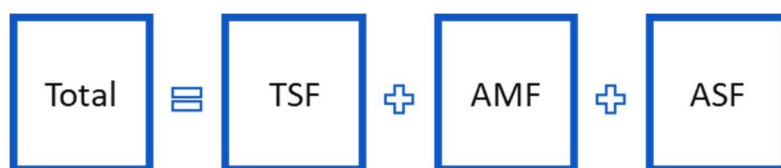
### 9.5.2 Option 2

Option 2 is a fixed charging with incremental pricing structure, like the current fee structure except with a flat service fee. The asset management fee would be charged as an increment based on the gross value of the asset.

Like Option 1, this option seeks to recalibrate the asset management fee and simplify the service fee using a flat fee. The key difference between the two options is that Option 2 has a higher level of complexity in determining the fee increments. However, if the service provider has a sophisticated understanding of their costs, this fee structure can deliver a more equitable outcome. Option 1 is a much more transparent option for most organisations to implement.



Under Option 2, the proposed fee structure for administration of a trust is:



Total Total fee for trustee service on annual basis

TSF Trust service fee

AMF Asset management fee

ASF Additional service fee

Following are the key characteristics of this option:

- A flat annual trust service fee would apply, depending on the type of trusts: \$423 for minors, \$1,951 for each charitable sub-trusts and \$1,734 for all other trusts.
- There is no asset management fee if the total gross value of the trust is less than \$50,000. After that, the annual asset management fee is set at \$581 for trust with value up to \$500,000. Then the fee is increased by an increment of \$581 for each \$500,000 in trust value. For example, the asset management fee for a trust with \$10,000 is \$0, for a trust with \$400,000 is \$581 and a trust with \$1.3m is \$1,743.
- While QPT has a reasonable understanding of costs compared to other organisations providing similar services, the activity-based costing is not sophisticated enough to apportion costs associated with asset management in a highly objective manner. Therefore, the fee increments of \$581 for each \$500,000 is a high-level estimation based on advice from subject matter experts.
- As with Option 1, property management fee and incidental outlays would be abolished. Additional service fees would remain as they are under the current fee structure.
- The CSO arrangement would be same as Option 1.

## 9.6 Analysis of options

The analysis compares each option against the base case, assessing the impacts across various factors. It examines the strengths and limitations of each option from community and government stakeholders' perspectives.

From a community impact perspective, the assessment will examine impacts on different customer segments, access to service and long-term effect on competition. From a government impact perspective, the assessment will focus on effective delivery of government services and fiscal impacts. From an organisation impact perspective, the focus will be on ease of implementation and impacts on employees.

The impacts on charitable trusts are not analysed in detail because the current fee structure for DGR charitable trusts, which is based on income commission, is highly variable. Therefore, a comparison of options with only one year of data is not informative. However, QPT's analysis shows that over the seven years ending in FY22, QPT only recovered around 50% of the cost of providing charitable trustee services. Even with the proposed changes in Option 1 and Option 2, it is not expected that QPT will reach full cost recovery.

### 9.6.1 Community impacts

Option 1 uses the industry standard fee structure, which offers greater transparency. This makes it easy for customers to compare fees between different providers. For trust services, a commission-based fee structure is widely accepted because the effort involved in providing this service is generally proportional to the asset value of the trust.

Option 1 (as compared to Option 2) is generally more beneficial for customers with trusts that are less than approximately \$500,000. Option 2 (as compared to Option 1) generally benefits customers with high-value trusts, as the rate of fee increase relative to the asset value is much smaller under this option.

While options 1 and 2 bring similar overall revenue to the base case (before CSO rebates), they impact individual trust types differently.

Following are some observations by individual trust type, based on average fees:

- Testamentary trusts: Trusts with asset values between \$200,000 and \$1,000,000 are generally worse off under both options. This is because the current fee structure separates and charges a lower fee for real estate assets, and fully rebates fees for principal place of residence (see Figure 15).
- Testamentary trusts with life or limited interests: The impacts are similar to testamentary trusts, but even more pronounced due to a higher proportion of these trusts including a property management fee (see Figure 16).
- Minors trusts: The fees before CSO rebates decrease significantly under both options, reflecting the lower effort involved in managing minors trusts. While fees after CSO rebates also decrease, the impact is smaller except for a few high-value trusts (see Figure 17).
- Other trusts: In most cases, the fees before and after CSO rebates decrease under both options for trusts with asset values over \$100,000 (see Figure 18).

Out of a total of 1,321 testamentary and other trusts, Option 1 is expected to increase the total fee for 740 trusts and Option 2 for 654 trusts.

- The fee increase would be over \$1,000 for 246 of these trusts under Option 1 and 219 trusts under Option 2.
- Testamentary trusts with life or limited interest would be most affected, with an average increase of \$1,420 under Option 1 and \$1,571 under Option 2.

While both options would result in fee increases for a significant number of trusts, the proposed fees would still be among the lowest in the industry.

The change to CSO arrangements would not affect existing trusts, only new trusts. The modelling of fee revenue did not incorporate changes to the CSO policy, as the transitional arrangement would occur over a long period of time. However, for both options, the likely impact of the CSO policy change can be seen by examining the fees before the CSO rebates.

Figure 15: Testamentary trusts: average fee for each option, by total asset value brackets

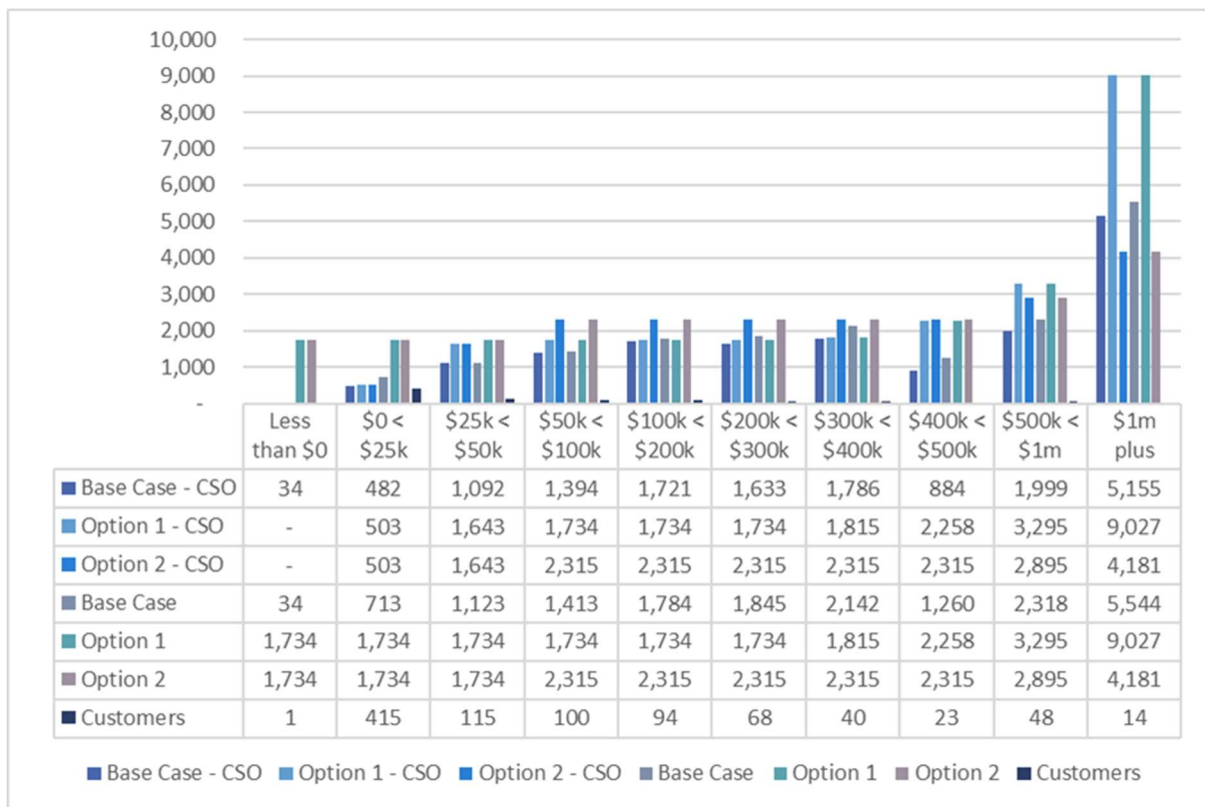


Figure 16: Testamentary trusts with life or limited interest: average fee for each option, by total asset value brackets

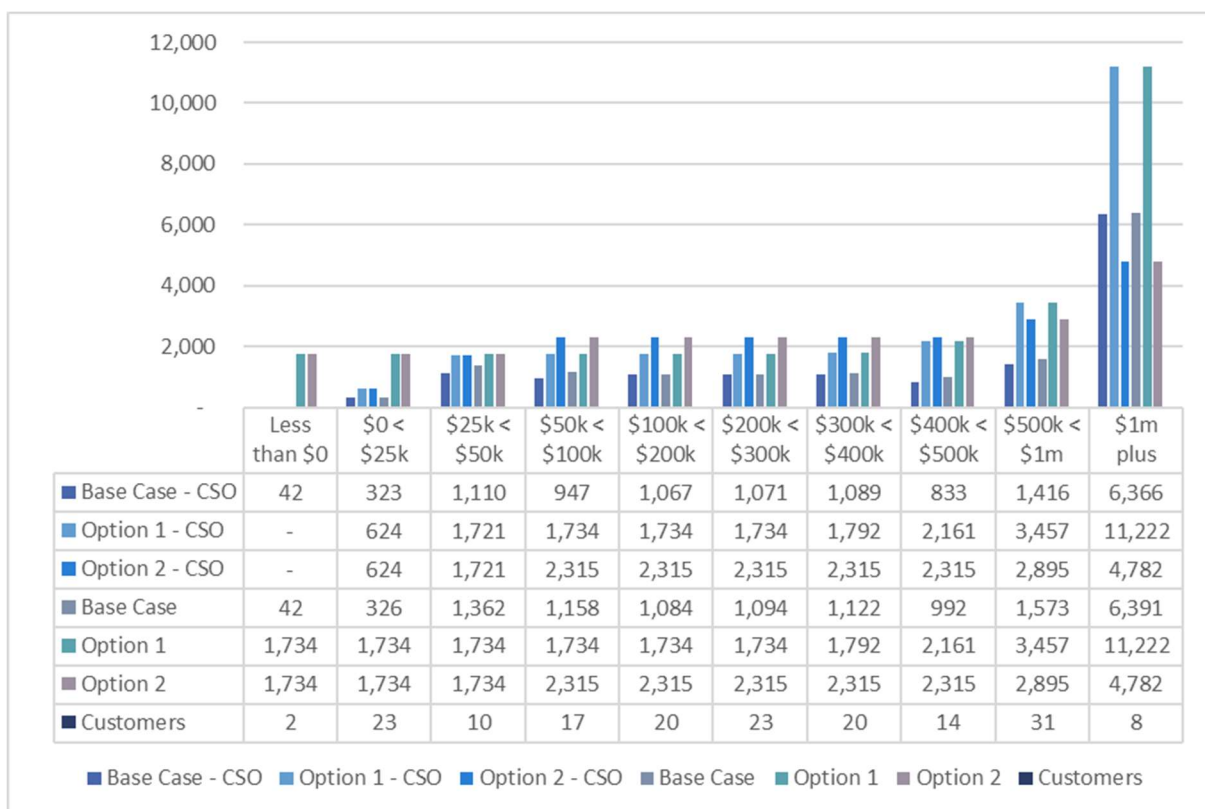


Figure 17: Minors trusts: average fee for each option, by total asset value brackets

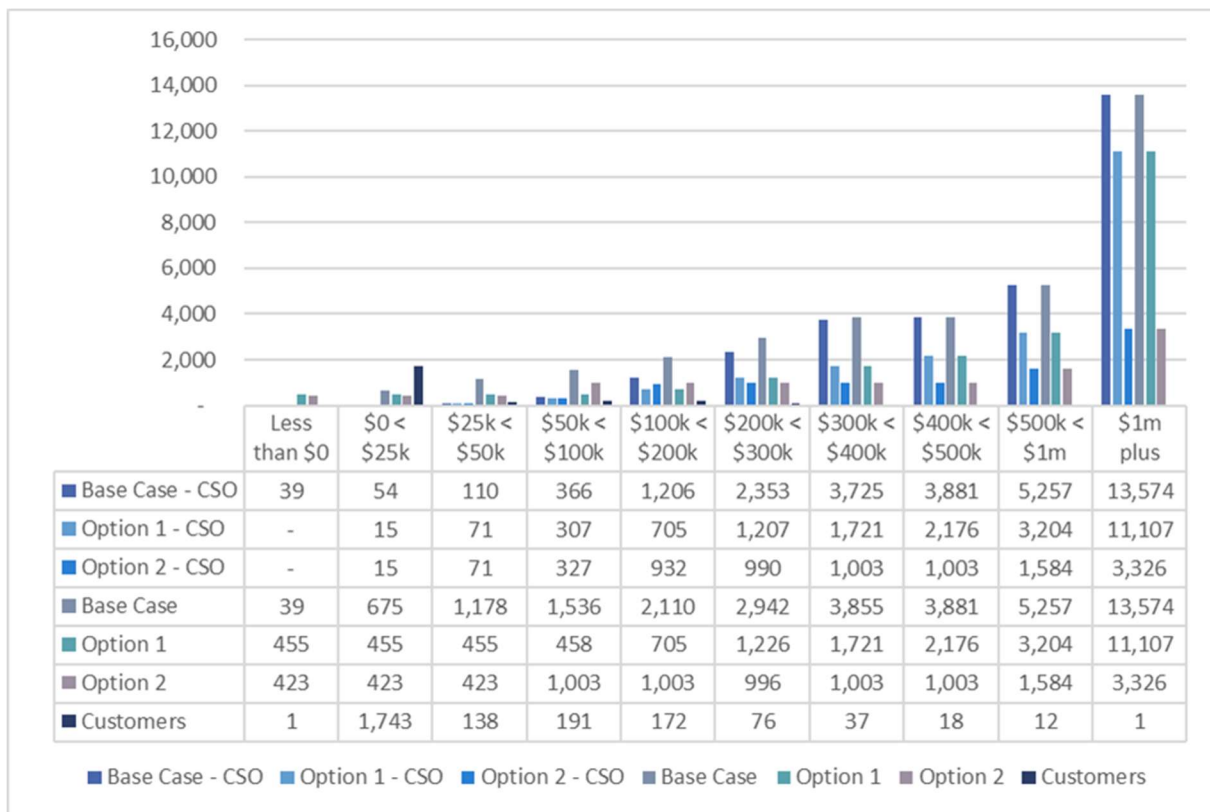
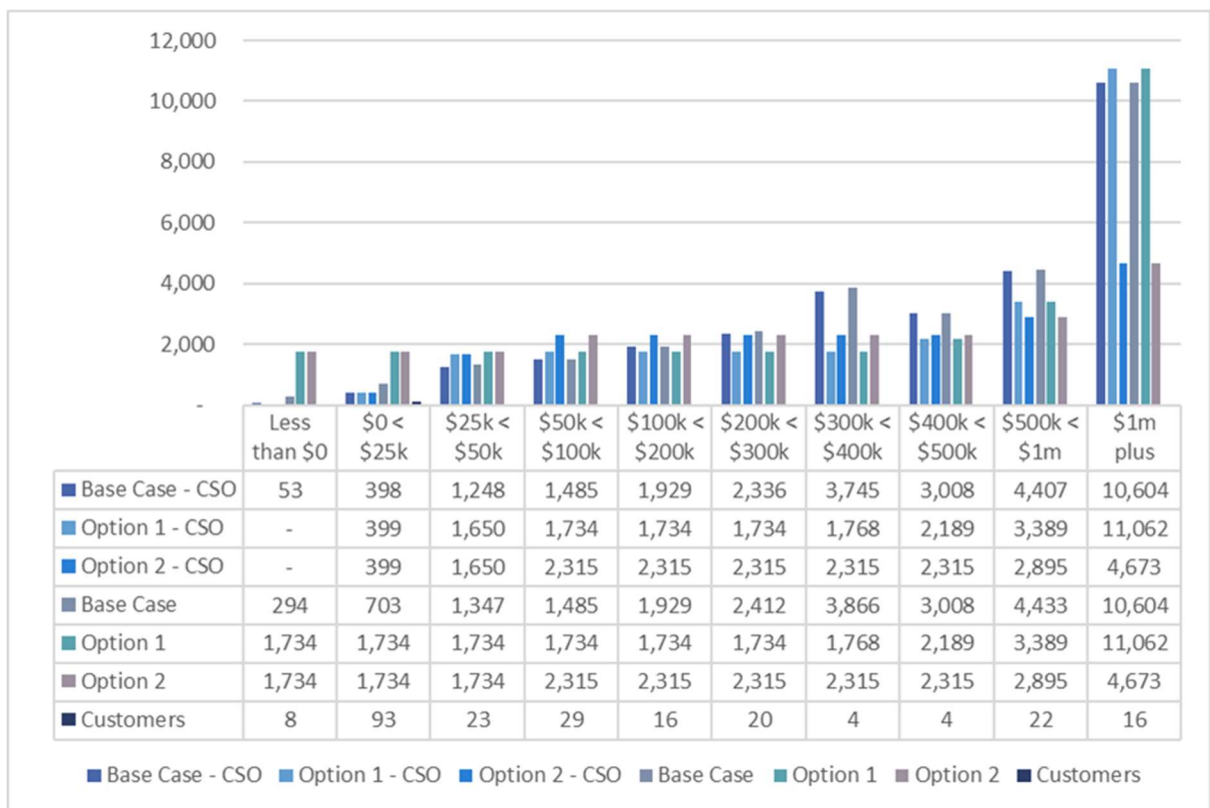


Figure 18: Other trusts: average fee for each option, by total asset value brackets



### **9.6.2 Government impacts**

Despite the proposed fee increases for a significant number of trusts, both options would only achieve a revenue (before CSO) to cost ratio of around 103%. The net increase in QPT's revenue would be around \$130,000 in Option 1 and \$90,000 in Option 2. Cost recovery after the CSO is expected to increase to 70% under both options, an increase of around 2%.

QPT will continue to provide appropriate fee rebates to all minors trusts in line with the current CSO policy and maintain the current fee rebate for all existing trusts. The cost of the structured fee rebate is currently \$1.7m but is expected to decrease slightly to \$1.4m due to the decrease in fees for minors trusts.

### **9.6.3 Organisation impacts**

The implementation of Option 2 would require minimal change to QPT's information technology infrastructure. However, system changes required to implement Option 1, while not expected to be highly complex, would likely involve implementation in a new customer information and charging system. Neither option would have a major impact on QPT's workforce.

## **9.7 Preferred option**

Option 1 is the preferred option. It is a commission-based fee structure, which is the industry standard. This would simplify the fee structure and make it more transparent. Option 1 also has some of the lowest commission rates in the industry. Minors trusts would continue to receive appropriate CSO support.

## 10 Implementation considerations

QPT's current charging model was established in 2001 and has not been significantly updated since then other than temporary waivers on some fees. Hence, there is added importance to ensure an orderly transition to any new fee structure, if approved by the government at the conclusion of the consultation process. Additionally, QPT needs to consider implementation matters such as changes to operations and information technology systems.

### 10.1 Transition to the new pricing structures

QPT would implement a communication plan to inform customers of any changes to fees and charges and provide a clear and accessible guide to fees and charges. QPT's fees and charges guide would be developed taking into consideration stakeholders' feedback from this consultation, to ensure it clarifies any issues that may lead to miscommunication. Additionally, QPT would communicate with customers the changes to fees and charges and establish a systematic process to offer customers the opportunity to change their Will to appoint a new executor to manage their deceased administration and a new trustee to manage their trusts.

Should any fee changes be approved by the government, implementation would require the tabling of a new Notice in the Queensland Parliament and publication of the Notice in the Queensland Government Gazette.

Changes to financial management fees would be planned for implementation as soon as practicable. An analysis is underway to identify the possible timeframe for implementation in QPT's information technology systems. Indicatively, QPT plans to allow between 12-to-18 months to implement fee changes for deceased estate administration and trust services. Any lead time would provide time for any customers wanting to find a new provider. It would also enable QPT to undertake changes to information technology systems, change operational processes, and provide training to QPT's employees on changes to the fees and charges structure. Also, where appropriate, QPT's employees will be provided additional training on customer service and hourly charging.

### 10.2 Fundamental legislative principles and the *Human Rights Act 2019*

In developing the fee options, QPT undertook a process to assess the consistency with the fundamental legislative principles under the *Legislative Standards Act 1992* and identify and properly consider any relevant human right under the *Human Rights Act 2019* (HR Act). The proposed changes are consistent with the fundamental legislative principles and does not engage with any of the human rights as set out in the Section 23 of the HR Act.

QPT's business activities are not a 'significant business activity' under Section 39 of the *Queensland Competition Authority Act 1997*. Nevertheless, QPT sought to ensure the proposed changes are generally consistent with the competitive neutrality principles in the Competition Principles agreement. In developing the fee options, QPT has taken a conservative approach by opting to only seek a minimal return on investment, an EBIT margin of around 4%. If QPT needs to further improve competitive neutrality by allowing for a return on investment more in line with commercial providers, it will consider allowing for an increased EBIT margin when setting fees for services obtained on commercial terms.

## 11 Conclusion

The proposed changes to fees and charges represent a significant step forward in QPT's reform journey, aimed at transforming the organisation into a contemporary, inclusive, and people-inspired provider of state trustee services. The proposed changes aim to ensure QPT customers are not paying more than the cost of providing services. For financial management services, the proposed changes aim to benefit the vulnerable people using these services. For deceased estate and trust services, the aim of the proposed changes is to increase the overall social benefit by balancing the need to ensure these services are accessible for disadvantaged people, with the need to set fees on a commercial basis. The proposed increase in fees for discretionary services is consistent with changes that have been adopted by most public trustees in Australia. While these changes would result in customers having to pay more for some of QPT's services, QPT's fees would remain among the lowest in the market.

Some of QPT's service activities are expected to reduce because of these changes. However, these changes are necessary to ensure QPT can evolve and function as an effective public entity to meet future challenges, such as the expected increase in demand for financial management services from Australia's aging population.

Until recently, QPT has been the only public trustee in Australia that was fully self-funded. The self-funding model is no longer sustainable due of the increasing cost of fee rebates for financial management customers. QPT recognises the CSO policy needs ongoing review considering many challenges ahead. It will be guided by government on the timing of further adjustments to the structured CSO policy.

The increase in fees for discretionary services would help to strengthen QPT's financial sustainability. However, the reduction in revenue from changes to financial management fees means that the proposed fee changes would exacerbate QPT's financial sustainability challenge.

Figure 19 shows the modelled impacts of the proposed fee changes on QPT's financial position.

Figure 19: Impacts on QPT's financial position (\$M)

	Expense	Revenue after CSO base case	Revenue after CSO preferred option	Net impact
Financial management services	35.5	23.9	15.0	(8.9)
Deceased estate administration services	17.9	11.1	16.3	5.2
Trust administration services	4.3	2.9	3.0	0.1
<b>Total</b>	<b>57.7</b>	<b>37.9</b>	<b>34.3</b>	<b>(3.6)</b>





## 12 Appendices

*Appendix 1 - Public Trustee (Fees and Charges Notice) (No.1) 2021*

**Public Trustee (Fees and Charges Notice) (No.1) 2021**  
**Subordinate Legislation 2021**

made under the  
*Public Trustee Act 1978*

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## **Part 1 Preliminary**

Pursuant to s 17 of the *Public Trustee Act 1978* (the “Act”) The Public Trustee of Queensland by this gazette notice fixes the fees and charges for the services the public trustee performs or provides.

### **1 Short title**

This notice may be cited as the *Public Trustee (Fees and Charges Notice) (No.1) 2021*.

### **2 Commencement**

This notice commences on 1 July 2021 (the “date of commencement”).

### **3 Revocation of previous notices**

All previous fees and charges notices are revoked.

### **4 Definitions**

The dictionary in Schedule 15 defines particular words used in this notice.

### **5 Fees**

The undermentioned fees, inclusive of GST, shall be payable to the public trustee in respect of the matters mentioned.

### **6 Remission of fees**

The fees in this gazette notice apply to the types of services specified herein. However, pursuant to s 8 of the *Public Trustee Regulation 2012* the public trustee may remit any or all of the fees in any particular estate or matter otherwise payable. The public trustee’s approved community service obligations address the ability of clients of limited means to pay fees for the level of service required by them, by exercising the authority in s 8 of the *Public Trustee Regulation 2012* to remit the fees payable by those clients to an appropriate level.

## **Part 2 Deceased Estates**

### **7 Application of part 2**

This part applies to deceased estates and matters accepted for administration on or after the date of commencement, with the exception of the additional service fees referred to in s 11.

### **8 Acting as personal representative or administrator**

(1) Subject to subsections (3) and (4), the fee payable for acting as

personal representative or administrator under part 3 of the Act is calculated by applying the total number of "standard units of effort" required to administer the estate in Schedule 2 part A to determine the appropriate service level as specified in Schedule 1.

- (2) The general administration activities and duties for acting under this section are stated in Schedule 3.
- (3) The minimum fee for an estate requiring full administration is \$1,751.30.
- (4) Where the only asset is land solely in the name of the deceased and the only action necessary is a transmission application by death with the original will, the fee payable is \$1,043.40.

## **9 Acting as agent for an executor**

- (1) Subject to subsection (2) the fee payable for acting as agent for an executor to administer the estate of a deceased person is calculated by applying the total number of "standard units of effort" required to administer the estate in Schedule 2 part A to determine the appropriate service level as specified in Schedule 1.
- (2) Where the only action necessary is a transmission application in respect to the deceased's real property, the fee payable is \$1,043.40.

## **10 Land dealing – held as joint tenants**

The fee payable for acting on the instructions of a surviving joint tenant to record the death of a joint owner of real property is \$642.55.

## **11 Additional service fees**

The public trustee may charge additional service fees for the activities specified in part 13 in addition to the fees fixed in this part.

## **12 Deceased beneficiary**

The fee payable for distributing the funds held for a deceased beneficiary shall be:

- (a) where the funds held are distributed following the production of probate or a grant of administration, \$348.50.
- (b) in all other cases calculated at the hourly rate, with a minimum fee of \$348.50 and a maximum fee of \$1,163.10.

# **Part 3 Disability Services**

## **13 Application of part 3**

Part 3 applies where the public trustee is:

- (a) appointed as administrator for a financial matter, under the *Guardianship and Administration Act 2000* (the "GAAT Act"); or

(b) appointed as manager of the estates of an incapacitated person under part 6 of the Act or acts pursuant to s 79 of the Act.

#### **14 Fees payable under s 13**

The annual fees payable under s 13 are:

(1)(a) Where the public trustee is appointed under chapter 11 part 3 of the GAAT Act as administrator for a financial matter limited to a court sanction of a settlement in favour of an adult:

- (i) An initial establishment fee of \$6,629.85; and
- (ii) A personal financial administration fee calculated by applying Schedule 5; or

(b) For any other appointment as administrator under the GAAT Act, a personal financial administration fee calculated by applying Schedule 4; or

(c) For acting as manager under part 6 of the Act, a personal financial administration fee calculated by applying Schedule 4; and

(2) An asset management fee calculated by applying Schedule 6; and

(3) For each real estate property or other place of residence the fee is prescribed by Schedule 6.

#### **15 Remission of fee for principal place of residence**

Where a real estate property is occupied by the client as their principal place of residence the fee prescribed in s 14(3) shall be remitted.

#### **16 Additional service fees**

The public trustee may charge additional service fees for the activities specified in part 13 in addition to the fees fixed in this part.

## **Part 4 Agencies**

#### **17 Application of Part 4**

Part 4 applies where the public trustee acts as an attorney under the *Powers of Attorney Act 1998* (the "POA Act").

- (a) for financial matters;
- (b) under s 147 of the Act;
- (c) during a period of suspension of an enduring power of attorney under s 35 of the *Public Guardian Act 2014*;
- (d) for personal and health matters.

#### **18 Fee payable under this part**

Subject to s 19 the fee payable shall be:

- (a) for ss 17(a) or (b) appointments, the fees as prescribed by part 3

ss 14 (1)(b), (2) and (3);

(b) for ss 17(c) or (d) appointments, the fee is calculated at the hourly rate.

### **19 The public trustee and a capable principal may negotiate fees**

The public trustee and a capable principal may agree (in writing) on the fees payable for acting for the principal provided that if no agreement is reached the fees will be calculated at the hourly rate.

### **20 Additional service fees**

The public trustee may charge additional service fees for the activities specified in part 13 in addition to the fees fixed in this part.

## **Part 5 Trusts**

### **21 Application of part 5**

Part 5 applies where the public trustee is appointed or otherwise becomes trustee of property.

### **22 Fees payable in trusts other than testamentary trusts**

Except where the trust instrument provides otherwise, the annual fees payable for acting as trustee of trusts, other than testamentary trusts and DGR charitable trusts, are:

- (a) a service level fee calculated by applying Schedule 7;
- (b) an asset management fee calculated by applying Schedule 6; and
- (c) for each real estate property, the fee is prescribed by Schedule 6.

### **23 Remission of fee for principal place of residence**

Where a real estate property held in trust is occupied by the beneficiary as their principal place of residence the fee prescribed in s 22(c) shall be remitted.

### **24 Fees payable for testamentary trusts**

The fees payable for acting as trustee of a testamentary trust:

- (1) The annual fees payable for the duration of a life or limited interest are:
  - (a) a service level fee calculated by applying Schedule 8;
  - (b) an asset management fee calculated by applying Schedule 6; and
  - (c) for each real estate property, the fee is prescribed by Schedule 6.
- (2) The fees payable on the cessation of the life or limited interest are calculated by applying the total number of "standard units of effort" required to complete the administration of the estate in Schedule 2 Part B to determine the appropriate service level as specified in Schedule 1;

(3) Where there is no life or limited interest forming part of the trust the annual fees payable for the duration of the trust are:

- (a) a service level fee calculated by applying Schedule 7;
- (b) an asset management fee calculated by applying Schedule 6; and
- (c) for each real estate property, the fee is prescribed by Schedule 6.

## **25 Remission of fee in testamentary trusts for principal place of residence**

Where a real estate property is occupied by:

- (a) a person who is entitled to a life or limited interest under the trust, or
- (b) the beneficiary under the trust as their principal place of residence

the fee prescribed in s 24(1) (c) or 24(3) (c) shall be remitted.

## **26 Additional service fees**

The public trustee may charge additional service fees for the activities specified in Part 13 in addition to the fees fixed in this part.

## **27 DGR Charitable Trusts**

The annual fees and charges payable for acting as trustee of a DGR charitable trust (except for those trusts where the fees and charges were set pursuant to the former s 10(3) of the *Public Trustee Regulations 1989*) shall be as prescribed by the trust instrument, or in the absence of a provision to prescribe fees and charges, a fee of 6% (excluding GST) of the income received for the trust.

# **Part 6 Prisoners**

## **28 Application of Part 6**

Part 6 applies where the public trustee is managing the property of prisoners under Part 7 of the Act.

## **29 Fee payable under this part**

The fee payable under this part shall be calculated at the hourly rate.

# **Part 7 Taxation Services**

## **30 Application of Part 7**

Part 7 applies to the taxation services provided by the public trustee.

## **31 Fees payable**

Fees calculated at the hourly rate shall apply for the following taxation



services:

- (a) Preparation and lodgement of personal and trust income tax returns and other tax documents, including checking of assessments;
- (b) Preparation of partnership and business accounts together with the preparation and lodgement of the relevant taxation returns;
- (c) Conducting research and providing taxation advice;
- (d) Preparation and lodgement of regular Business Activity Statements subject to a minimum annual fee of \$200.10;
- (e) The reconstruction of asset registers required for Capital Gains Tax purposes where such registers were not properly maintained by the deceased or client prior to the public trustee's administration;
- (f) Setting up and maintaining Capital Gains Tax registers during the public trustee's administration or management.

## **Part 8           Property Services**

### **32 Application of Part 8**

Part 8 applies to the property management, project property management, valuation, auctioneering and related services provided by the public trustee.

### **33 Property management fee**

The fees payable for acting as property manager are calculated by applying Schedule 9.

### **34 Valuation fee**

The fee payable for carrying out valuation services is calculated by applying Schedule 10.

### **35 Auctioneers and agents commission**

The commission payable for acting as auctioneer or selling agent is calculated by applying Schedule 11.

### **36 Agreed fee or conjunction fee**

The public trustee may negotiate a fee with the principal or accept a lower fee when acting in conjunction with another agent.

## **Part 9           Investment Services**

### **37 Application of Part 9**

Part 9 applies to the investment services provided by the public trustee.

### **38 Negotiation of investments**

The fee payable for negotiating and arranging investment of funds, other than in the Public Trustee Investment Funds, is stated in Schedule 12 and shall apply for the term of such investment.

### **39 Managing the Public Trustee Investment Funds**

(1) The fee for acting as trustee of the Public Trustee Investment Fund shall be at a rate not exceeding 1.61% (including GST) per annum of the market value of the funds.

(2) The management fee payable shall be calculated daily by the public trustee and paid monthly in arrears.

### **40 Custodial trustee**

The fee payable for acting as custodial trustee under the *Corporations Act 2001 (Cth)* or the *Superannuation Industry (Supervision) Act 1993 (Cth)* shall be agreed between the parties.

### **41 Corporate trustee services**

The fee payable for providing corporate trustee services in commercial business trusts shall be agreed between the parties.

## **Part 10 Special functions of a public nature**

### **42 Application of Part 10**

Part 10 applies to the functions of the public trustee outlined in Part 5 of the Act.

### **43 Sanction under s 59**

The fee for a sanction by the public trustee under s 59 of the Act of a compromise of actions by or on behalf of persons under a legal disability claiming money or damages or a settlement or a compromise or the acceptance of money paid into court is calculated by applying Schedule 14.

### **44 Sections 61 and 62**

(1) Subject to subsection (2), the fee payable for exercising powers under ss 61 and 62 of the Act shall be calculated at the hourly rate.

(2) Where the public trustee acts under ss 61 or 62 of the Act prior to the acceptance for administration of an estate the minimum fee is \$416.10 in all other cases, the minimum fee is \$554.15.

### **45 Audit of trusts**

The fee payable for the audit of a trust under s 60 of the Act shall be

calculated at the hourly rate.

## **Part 11 Unclaimed Moneys and Unclaimed Property**

### **46 Application of Part 11**

Part 11 applies to the functions of the public trustee as outlined in Part 8 of the Act.

### **47 Unclaimed property**

The fee payable to administer unclaimed property pursuant to Part 8 Division 2 of the Act shall be calculated at the hourly rate.

### **48 Unclaimed moneys and unclaimed superannuation**

The fee payable for receipt of unclaimed moneys pursuant to Part 8 Division 1 of the Act and moneys held unclaimed on behalf of estates and trusts and transferred to the unclaimed moneys fund pursuant to s 116 of the Act shall be \$267.85.

### **49 Inspecting the register**

The fee for inspecting the unclaimed moneys register shall be:

(a) Fee for inspecting the register  
\$38.80 per name searched

(b) Paper copy of details from the register  
\$2.35 per page up to 20 pages  
In excess of 20 pages, at the hourly rate for the time taken to prepare the paper copy

(c) Providing an electronic copy of the register  
  
charged at the hourly rate for the time taken to prepare and dispatch the electronic copy.

### **50 Managing the unclaimed moneys fund**

The fee for managing the unclaimed moneys fund shall be at the rate of 6.6% per annum on the first \$50,000 of income received and then at the rate of 5.5% per annum on the excess income over \$50,000.

## **Part 12      Miscellaneous Services**

### **51 Powers of attorney**

(1) Subject to subsection (2), the fees payable for the preparation or revocation of an enduring power of attorney or general power of attorney are stated in Schedule 13.

(2) Where the public trustee is appointed as the primary attorney under a power of attorney, no fee shall be payable for the preparation of the document.

### **52 Right of the Crown to bona vacantia**

The fee payable for the preparation and making of an application for the waiver of the rights of the Crown to bona vacantia shall be calculated at the hourly rate, with a minimum fee of \$443.50.

### **53 Reseal of grant of administration**

The fee payable for resealing a grant of administration made outside Queensland or obtaining a grant in Queensland on behalf of an executor or administrator resident outside Queensland where the public trustee does not administer the Queensland estate shall be calculated at the hourly rate.

### **54 Application under Workers' Compensation and Rehabilitation Act 2003**

The fee payable for making, investigating or prosecuting an application for compensation under s 111 of the *Workers' Compensation and Rehabilitation Act 2003* or for conducting any appeal or reference under the provisions of that Act shall be calculated at the hourly rate.

### **55 Disaster appeals fund**

(1) Subject to subsection (2), the fee payable for administering and managing the disaster appeals fund shall be 2.47% of interest received on such moneys held on behalf of the disaster appeals fund in the Common Fund and 1.1% of other income received.

(2) No fee shall be charged in respect of moneys paid to or representing the proceeds of property transferred to or vested in the public trustee under the provisions of ss 35B, 35C, or 35D of the *Collections Act 1966*.

## **Part 13      Additional service fees**

### **56 Application of hourly charge**

(1) Additional service fees calculated at the hourly rate shall be payable, when acting in any capacity or carrying out or undertaking any of the activities set out in this part:

- (a) Arranging and authorising a funeral or cremation for a deceased person where there is no other person able or willing to do so.
  - (b) Providing instructions or other information to the Official Solicitor to the Public Trustee in regard to legal services provided by the Official Solicitor.
  - (c) Undertaking genealogical research to establish entitlements to a deceased person's estate.
  - (d) Dealing with or disposing of household furniture, effects, chattels and jewellery where there is no agreement in writing from the beneficiaries or other persons having a claim.
  - (e) Taking necessary action to deal with or preserve a client's interest in a trust, corporation, business or partnership.
  - (f) The collection or payment of considerable debts owing to or by a client at the time of commencement of the public trustee's management or administration.
  - (g) Any other activity undertaken by the public trustee for which no fee has been set in this notice.
- (2) The activities set out in this section are in addition to and not included in the activities set out in Schedules 2 and 3.

**57 Death of Incapacitated person under Part 6 of the Act**

The fee payable for the disposal of property on death under s 88 of the Act shall be:

- (a) Where the property is held disposed of following the production of probate or a grant of administration - \$348.50;
- (b) In all other cases, calculated at the hourly rate with a minimum fee of \$348.50 and a maximum fee of \$1,163.10.

Samay Zhouand  
**Public Trustee of Queensland and Chief Executive Officer**

## Schedule 1

## Deceased Estate Fees

<b>Standard units of effort</b>	<b>Service level</b>	<b>Fee (including GST)</b> <b>\$</b>
1-20	1	461.80
21-30	2	642.55
31-40	3	1,043.40
41-50	4	1,324.50
51-75	5	1,567.85
76-90	6	1,751.30
91-110	7	2,391.50
111-130	8	3,449.45
131-150	9	3,977.75
151-170	10	4,507.40
171-190	11	5,044.85
191-225	12	5,967.50
226-265	13	7,030.65
266-305	14	8,091.15
306-345	15	9,151.08
346-385	16	10,208.35
386-450	17	11,939.05
451-515	18	13,667.20
516-615	19	16,319.20
616-715	20	18,969.85
716-815	21	21,622.05
816-965	22	25,589.60
966-1115	23	29,575.50
1116-1315	24	34,879.50
Over 1315	25	Calculated at the hourly rate

### Note

The service level of the fee payable as stated in Schedule 1 is determined by the aggregate of the individual standard units of effort:

- (a) for dealing with the components of the administration under Part 2 as stated in Schedule 2 Part A;
  - (b) for dealing with the components of the administration under Part 5 s 24(2) as stated in Schedule 2 Part B.
-

## **Schedule 2 Part A    Deceased Estates Standard Units of Effort**

<b>Activity</b>	<b>Standard units of effort</b>
General administration activities and duties when acting in accordance with s 7 and described in Schedule 3	75
Filing election to administer	50
Obtaining an order to administer	75
Identifying and establishing beneficiaries and their entitlements – for each beneficiary above 3	10
For each specific bequest	5
For each beneficiary resident out of Australia	20
Real property – solely owned	40
Real property – owned as joint tenants	30
For each bank, building society or credit union cheque or savings account	15
For each superannuation fund benefit paid to the estate	40
For each life policy of assurance	25
For each holding of shares or units in an entity listed on a stock exchange	30
For each holding invested in the Public Trustee Investment Funds	20
For each holding invested in a managed investment fund (excluding Public Trustee Investment Funds)	30
For each fixed interest investment or term deposit with a financial institution	30
Obtaining a refund of nursing home entry contributions.	25
For each trust account held by a nursing home, hospital or other institution	15
For dealing with wages, holiday pay, long service leave and other worker entitlements	25
For dealing with a pension in Australia, other than from the department of social security or the department of veterans affairs	15
For dealing with an overseas pension	25
For each motor vehicle, caravan, boat and trailer	20
For the collection of damages or workers compensation due at time of death	25
For each debt due to the deceased	15
For each loan due to the deceased	15

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<b>Activity</b>	<b>Standard units of effort</b>
For dealing with funds held by the public trustee in another capacity	25
For each interest in the estate of another deceased person	25
For each weapon	15
For each funeral benefit payable, other than from the department of social security	25
For each medical practitioner or hospital claim lodged for refund with a medical insurance fund	15
For each mortgage debt owing to the deceased	50
For dealing with farm machinery	30
For dealing with livestock	30
For each liability which is secured by an encumbrance over other assets	25
For each unsecured liability as at the date of death in excess of 5	10
For each joint equity holding	15

**Note 1** For each asset (other than realty or equity holdings) held as joint tenants with another person and where the public trustee is taking action to record the death of the deceased, the relevant standard unit of effort is reduced by 50%.

**Note 2** For each asset and liability held or registered outside of Australia, the standard unit of effort is increased by 50%.



## Schedule 2 Part B Testamentary Trusts Standard Units of Effort

<b>Activity</b>	<b>Standard units of effort</b>
General trustees duties in winding up trust on cessation	25
Identifying and establishing beneficiaries and their entitlements – for each beneficiary above 3	10
For each specific bequest	5
For each beneficiary resident out of Australia	20
Real property – solely owned	20
For each bank, building society or credit union cheque or savings account	8
For each superannuation fund benefit paid to the estate	20
For each life policy of assurance	13
For each holding of shares or units in an entity listed on a stock exchange	15
For each holding invested in the public trustee investment funds	10
For each holding invested in a managed investment fund (excluding public trustee investment funds)	15
For each fixed interest investment or term deposit with a financial institution	15
Obtaining a refund of nursing home entry contributions	13
For each motor vehicle, caravan, boat and trailer	10
For each debt or loan due to the trust	8
For dealing with funds held by the public trustee in another capacity	13
For each interest in the estate of another deceased person	13
For each weapon	8
For each mortgage debt owing to the trust	25
For dealing with farm machinery or livestock	15

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## **Schedule 3**

## **General Administration Activities and Duties**

The standard unit of effort for the general administration activities and duties for dealing with matters set out in s 8 includes the following activities:

- Payment of funeral expenses;
  - Payment of up to 5 unsecured liabilities outstanding at time of death;
  - Establishing the identity and entitlement of up to 3 beneficiaries;
  - Dealing with household furniture, effects, chattels or jewellery with the consent of the beneficiaries;
  - Advertising for statutory notice to creditors, transmission applications, and next of kin or missing beneficiaries;
  - Obtaining certificate of death;
  - Finalisation of the deceased's department of social security or department of veterans affairs pensions and entitlements up to date of death;
  - Arrange transfer or finalisation of final accounts for phone, electricity, gas, and other relevant services;
  - Finalisation and processing final refund of contributions to medical insurance funds;
  - Processing personal cash located or held and other small value refunds;
  - Processing income tax refunds received;
  - Attending to registry searches, and the stamping and lodging of documents in a registry;
  - Attending to the preparation and lodgement of documents in the registry of titles in relation to a release of a mortgage, application for a paper title, request to change name or request to amalgamate;
  - Giving an indemnity for lost documents;
  - Instructing and overseeing the preparation of taxation advices, returns and notices;
  - Investigation and dealing with bank accounts held by the deceased as a trustee and where the public trustee does not assume the trust;
  - Arranging distribution of funds to beneficiaries;
  - Preparation of statements of account;
  - Arranging the distribution of funds held for deceased beneficiaries;
  - General care and consideration;
  - Administering a prepaid funeral account.
-

## Schedule 4

## Personal Financial Administration Fee

The personal financial administration fee (PFA) is charged for providing support and personal contact for Disability Services clients.

These support activities may include the receipt of income, payment of bills, maintenance of financial records, negotiating with agencies such as Centrelink regarding benefits and day to day administration of the financial affairs of the client.

The PFA for a client is determined by the level of support provided to the client by applying the following levels which are based on:

- (a) the circumstances of the client's living arrangements;
- (b) how their income is received;
- (c) how their bills are paid; and
- (d) the frequency of contact with the client.

<b>Service level</b>	<b>Description of support</b>	<b>Annual fee (including GST) \$</b>
1	Client resides in a commonwealth funded aged care facility or hospital and their main source of income is paid to the facility.	1,324.50
2	Client resides in a commonwealth funded aged care facility or hospital and their main source of income is not paid to the facility.	2,123.40
3	Client is supported in the community by Disability Services Queensland through the alternate living service or by a non-government organisation through a management agreement.	2,650.45
4	Client is living in the community either independently or with the support of family/friends who assist the client with their day-to-day personal financial administration.	3,977.75
5	Client is living in the community with personal financial administration assistance from the public trustee and/or day to day assistance provided by support workers. Contact with the public trustee is once per fortnight or less.	6,629.85
6	Client is receiving personal financial administration assistance from the public trustee and contact with the public trustee is more than once per fortnight.	9,283.10

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**SCHEDULE 5                      PERSONAL FINANCIAL  
ADMINISTRATION FEE LIMITED ADMINISTRATION  
ORDER**

<b>Service Level</b>	<b>Number of Transactions per annum</b>	<b>Annual fee (including GST) \$</b>
1	0-5	703.70
2	6-10	1,233.35
3	11-30	1,760.45
4	31-50	2,290.05
5	51-80	2,818.45
6	81-110	3,345.40
7	111-150	3,875.05
8	151-200	4,404.70
9	Over 200	5,281.70

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## SCHEDULE 6

## ASSET MANAGEMENT FEE

<b>Service Level</b>	<b>Minimum value of assets</b>	<b>Maximum value of assets</b>	<b>Annual fee (including GST)</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
1	0	5,000	Nil
2	5,001	10,000	200.10
3	10,001	30,000	299.15
4	30,001	50,000	604.85
5	50,001	100,000	805.35
6	100,001	200,000	1,306.25
7	200,001	300,000	2,007.65
8	300,001	500,000	2,814.45
9	500,001	750,000	4,019.45
10	750,001	1,000,000	6,028.65
11	1,000,001	1,500,000	7,837.50
12	1,500,001	2,000,000	9,745.10
13	2,000,001	2,500,000	11,754.30
14	>2,500,000		13,667.20

**Note** The value of real estate property or other place of residence, motor vehicles, household furniture, effects, chattels and personal jewellery is excluded from the calculation of the value of assets for determining the level of the asset management fee payable.

### Real Estate Property Fees

The fee for dealing with each real estate property or other place of residence is \$996.55.

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**SCHEDULE 7****TRUSTS SERVICE LEVEL FEE**

<b>Service Level</b>	<b>Number of transactions per annum</b>	<b>Annual fee (including GST) \$</b>
1	0-1	444.80
2	2-5	584.10
3	6-10	733.60
4	11-20	956.20
5	21-30	1,278.95
6	31-40	1,599.05
7	41-50	1,906.10
8	Over 50	2,224.95

**SCHEDULE 8****TESTAMENTARY TRUSTS****SERVICE LEVEL FEE**

<b>Service Level</b>	<b>Number of transactions per annum</b>	<b>Annual fee (including GST) \$</b>
1	0	Nil
2	1-6	60.90
3	7-10	398.00
4	11-15	805.35
5	16-20	1,609.45
6	21-30	2,412.35
7	31-50	3,618.60
8	Over 50	4,822.25

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## SCHEDULE 9

## PROPERTY MANAGEMENT SERVICES

<b>Service</b>	<b>Fee (including GST)</b>
Storage of vehicles, furniture, estate goods and chattels in public trustee accommodation.	\$ 42.70 per week or part thereof
Inspections by building inspectors, effects officers or trust officers:	
Calculated at the rate of \$167.70 per hour for the time taken, subject to a minimum of	167.70
Providing however that the minimum fee will not apply where the inspection took less than 30 minutes, in which case, a nominal fee is to apply of	90.90
Rent collection for properties of estates under administration	8.25% of the gross rentals received plus a monthly administration fee of 6.25

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## SCHEDULE 10

## VALUATION FEES

<b>Service</b>	<b>Fee (including GST)</b>
	<b>\$</b>
Residential property:	
Unimproved land	321.15
Improved Land	
Value under \$250,000	457.85
Value between \$250,000 and \$500,000	604.85
Value exceeding \$500,000	As agreed between the parties
Commercial or rural properties including residential properties	As negotiated, but having regard for the time taken, including travelling, and the complexity involved
Furniture, plant, implements or chattels	
Calculated at the hourly rate for the time taken subject to a minimum fee	149.40
Livestock	
Calculated at the hourly rate for the time taken, subject to a:	
Minimum fee when valued in conjunction with realty	149.40
Minimum fee when valued separately	209.15
Motor vehicles, caravans or boats	106.50
Valuations for commercial loans from Common Fund	As agreed between the parties

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## SCHEDULE 11

## AUCTIONEERS OR AGENTS COMMISSION

<b>Service</b>	<b>Fee (including GST)</b> <b>\$</b>
(1) Real property including building units	5.5% up to 18,000.00  of the purchase price and 2.75% thereafter
(2) Boarding houses, guest houses, residential flats, investment property, or other business of any kind inclusive of plant, stock- in-trade, goodwill, furniture, fittings or effects and with or without the freehold of the premises	5.5% up to 18,000.00  of the purchase price and 2.75% thereafter
(3) Building for removal	11% of the purchase price
(4) Stock-in-trade, furniture, fittings, effects, boats, motor vehicles, machinery or movable chattels, not coming within (1) or (2) above	
(i) Sales by auction Note: A buyer's premium to a maximum of 11% of the purchase price may apply to all items in this category.	13.2% of the purchase price with a minimum fee of 37.55 and a maximum fee of 1,060.30
(ii) Sales otherwise than by auction	11% of the purchase price with a minimum fee of 318.55 and a maximum fee of 1,060.30

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## **SCHEDULE 12**

## **NEGOTIATING INVESTMENTS**

<b>Amount Invested</b> \$		<b>Annual fee (including GST)</b> \$
Less than 100,000	1.00% of amount invested	
100,000 to 500,000	0.50% of amount invested	
500,001 to 2,000,000	0.30% of amount invested	
In excess of 2,000,000	0.10% of amount invested	
Minimum fee		102.60

## **SCHEDULE 13**

## **POWERS OF ATTORNEY**

<b>Service</b>	<b>Fee (including GST)</b> \$
Preparation of an enduring power of attorney	
Standard Fee (single)	209.15
Standard Fee (double)	318.55
Preparation of a general power of attorney	120.85
Attendance outside the office	Additional 53.00
Registration in the Land Titles Office	Additional 53.00
Revocation of a power of attorney	92.15

## **SCHEDULE 14**

## **SANCTION FEES**

<b>Amount of Sanction</b> \$	<b>Fee (including GST)</b> \$
Up to 1500	671.20
1501 to 12,000	1,108.50
12,001 to 50,000	2,356.35
Over 50,000	2,740.25

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## SCHEDULE 15                      DICTIONARY

Unless otherwise stated, the words defined in s 6 of the Act, in Schedule 3 of the *Powers of Attorney Act 1998*, and in Schedule 4 of the *Guardianship and Administration Act 2000* will have the same meaning and effect as they appear in this notice.

***accepted for administration*** means the date on which the public trustee formally accepts an estate for administration.

***value of assets*** means the total value of all assets other than real estate property, motor vehicles, household furniture, effects, chattels and personal jewellery.

***Considerable debts*** means where the number of debts owing by or to a client exceeds 10.

***CPI*** means the Consumer Price Index for Brisbane all groups as published by the Australian Bureau of Statistics.

***DGR charitable trust*** means a public charitable trust which has been granted Deductible Gift Recipient status by the Australian Taxation Office.

***financial power of attorney*** means the appointment as an attorney under a general power of attorney and under an enduring power of attorney for a financial matter.

***GST*** means the Goods and Services Tax as defined in *A New Tax System (Goods and Services Tax) Act 1999*.

***hourly rate*** means \$267.85 per hour.

***other place of residence*** means any of the following occupied by a person or their dependents as their principal place of residence:

- a retirement village unit, whether held as a strata title, lease or other method of ownership;
- a relocatable home, mobile home or caravan permanently located in a caravan park.

***personal power of attorney*** means the appointment as an attorney under an enduring power of attorney for a personal matter.

***principal*** means in the context of a power of attorney, enduring power of attorney or an attorney under these documents, the person who made the document or appointed the attorney.

***standard unit of effort*** means the measure of the time taken to undertake the activities in Schedules 2 and 3 in an efficient manner.

***Testamentary trust*** means a trust created by a will.

***The Act*** means the *Public Trustee Act 1978*.

***The GAAT Act*** means the *Guardianship and Administration Act 2000*.

***The POA Act*** means the *Power of Attorney Act 1998*.

***transaction*** means each receipt or payment of funds on behalf of the estate under administration other than the receipt of funds from or the payment of funds to the Public Trustee Investment Fund.

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## Appendix 2 - Information about fees of other public trustees

State or Territory	Website address
New South Wales	<a href="https://www.tag.nsw.gov.au/fees/financial-management-fees">https://www.tag.nsw.gov.au/fees/financial-management-fees</a>
Victoria	<a href="https://www.statetrustees.com.au/what-we-do/state-trustees-commissions-fees-charges/">https://www.statetrustees.com.au/what-we-do/state-trustees-commissions-fees-charges/</a>
Western Australia	<a href="https://www.legislation.wa.gov.au/legislation/prod/gazettestore.nsf/FileURL/gg2022_084.pdf/\$FILE/Gg2022_084.pdf?OpenElement">https://www.legislation.wa.gov.au/legislation/prod/gazettestore.nsf/FileURL/gg2022_084.pdf/\$FILE/Gg2022_084.pdf?OpenElement</a>
South Australia	<a href="https://www.publictrustee.sa.gov.au/about-us/fees-and-charges">https://www.publictrustee.sa.gov.au/about-us/fees-and-charges</a>
Tasmania	<a href="https://www.legislation.tas.gov.au/view/whole/html/current/sr-2019-077">https://www.legislation.tas.gov.au/view/whole/html/current/sr-2019-077</a> or <a href="https://www.publictrustee.tas.gov.au/">https://www.publictrustee.tas.gov.au/</a>
Northern Territory	<a href="https://nt.gov.au/law/bdm/will-and-estate-management-fees">https://nt.gov.au/law/bdm/will-and-estate-management-fees</a>
Australian Capital Territory	<a href="https://www.legislation.act.gov.au/di/2022-128/">https://www.legislation.act.gov.au/di/2022-128/</a>

### Appendix 3 - Deceased estates updates to fee schedules

#### Proposed amendments to Schedule 2A table

Activity	SUOE	Activity	SUOE
General administration activities and duties when acting in accordance with s7 and described in existing Schedule 3	117	For dealing with a pension in Australia, other than from Centrelink or the Department of Veterans Affairs	20
Filing election to administer	60	For dealing with an overseas pension	33
Obtaining an order to administer	90	For each motor vehicle, caravan, boat and trailer	26
Identifying and establishing beneficiaries and their entitlements – for each beneficiary above 5	13	For the collection of damages or workers compensation due at time of death	33
For each specific bequest – up to 1 hour of work	7	For each debt due to the deceased	20
For each beneficiary resident out of Australia	26	For each loan due to the deceased	20
Transfer of real property – solely owned 'Solely' includes interest in realty held as a tenant in common – the sole ownership of an interest in land	39	For dealing with funds held by the public trustee in another capacity	Omitted
Transfer of real property – owned as joint tenants, when the public trustee is not administering the deceased estate	26	For each interest in the estate of another deceased person	33
For each bank, building society or credit union cheque or savings account	Omitted	For each weapon	Omitted
For each superannuation fund benefit paid to the estate	52	For each funeral benefit payable, other than from Centrelink	26
For each life policy of assurance	33	For each medical practitioner or hospital claim lodged for refund with a medical insurance fund	20
For each holding of shares or units in an entity listed on an Australian stock exchange	39	For each mortgage debt owing to the deceased	65
For each holding invested in the public trustee Investment Funds	Omitted	For dealing with farm machinery	Omitted
For each holding invested in a managed investment fund (excluding Public Trustee Investment Funds)	39	For dealing with livestock	Omitted

For each fixed interest investment or term deposit with a financial institution	Omitted
Obtaining a refund of nursing home entry contributions	20
For each trust account (with over \$2000 balance) held by a nursing home, hospital, or other institution	13
For dealing with wages, holiday pay, long service leave and other worker entitlements	33
For dealing with up to 5 accounts held with the same bank, building society or credit union	26
For each additional account, where more than 5 held in the same bank, building society or credit union	7
Instructing and overseeing taxation service provider – for up to two hours of work	13
Gathering information and instructing lawyers – for up to two hours work	15
Arrange insurance for real property, motor vehicle, furniture, and effects if QPT is required to arrange new insurance. Aggregate across assets, up to three hours work	26
For each real property in other jurisdictions in Australia	26

For each liability which is secured by an encumbrance over other assets	33
For each unsecured liability as at the date of death in excess of 5	13
For each joint equity holding	Omitted
Transfer of real property – owned as joint tenants where the public trustee is administering the Deceased Estates	13
Instructing and overseeing internal property service provider for sale of real property	65
Investigation and dealing with bank accounts held by the deceased as a trustee and where the public trustee does not assume the trust	26
Instructing and overseeing external real property service provider tasked with selling real property	65
Dealing with household furniture, effects, chattels or jewellery in circumstances where beneficiaries do not attend to this directly – Up to 3 hours work.	26
General Trustee duties, excluding any real property dealings, required in the winding up of any Testamentary Trust – for up to seven hours work. Real property dealings SUOE apply at the prevailing rate	50

## Proposed amendments to existing Schedule 2A – other

Issue	Detail proposal
<b>Note 1 – Joint tenants</b>	Omit “Note 1 For each asset (other than realty or equity holdings) held as joints tenants with another person and where the public trustee is taking action to record the death of the deceased, the relevant standard unit of effort is reduced by 50%.” It is not common for QPT do this work. If required, this work will be charged as additional service fee. Omit “For each joint equity holding.
<b>Note 2 - Assets and liabilities overseas</b>	Omit “For each asset and liability held or registered outside of Australia, the standard unit of effort is increased by 50%”. Charge as additional service fee where relevant.
<b>Taxation instruction</b>	Insert “Instructing and overseeing taxation service provider – for up to two hours” – 13 SUOE Charge as additional service fee if the work involved exceeds two hours.
<b>Instruction lawyers</b>	Insert “Gathering information and instructing lawyers – for up to two hours” – 15 SUOE. Charge as additional service fee if more than two hours.
<b>Real property sale</b>	Insert “Instructing and overseeing real property service provider tasked with selling real property” – 69 SUOE and consequently amend to distinguish the fee for sale of real property and transfer of real property – 39 SUOE.
<b>Household furniture etc</b>	<p>Insert in Schedule 3 “Confirm in writing if beneficiaries prefer to discharge QPT from the duty of dealing with household furniture, effects, chattels or jewellery and will attend directly.”</p> <p>Insert in Schedule 2A “Dealing with household furniture, effects, chattels or jewellery in circumstances where beneficiaries do not attend to this directly – Up to 3 hours work.” Additional service fee applies when more than three hours.</p>
<b>Accounts in financial institutions</b>	Insert “For dealing with up to 5 accounts held with the same bank, building society or credit union” – 26 SOUE and omit “For each bank, building society or credit union cheque or savings account”. Also, omit “For each fixed interest investment or term deposit with a financial institution.
<b>Shares listed on stock exchange</b>	Amend “For each holding of shares or units in an entity listed on an Australian stock exchange SUOE remains the same. Charge as additional service fee for dealing with shares in overseas stock exchange.
<b>Arrange insurance</b>	Insert “Arrange insurance for real property, motor vehicle, furniture, and effects if the public trustee is required to arrange new insurance. Aggregate across assets, for work up to three hours.” – 26 SUOE.
<b>Deceased as a trustee</b>	Insert “Investigation and dealing with bank accounts held by the deceased as a trustee and where QPT does not assume the trust” – 26 SUOE.
<b>Schedule 2B – limited life interest trust</b>	General Trustee duties, excluding any real property dealings, required in the winding up of any Testamentary Trust – for up to seven hours. Any time spent over the seven hours is to be charged as additional service fees. Inclusion of this activity in Schedule 2A enable Schedule 2B to be omitted.

### Amendments to Schedule 3

Issue	Detail proposal
Beneficiaries	Insert "Establishing the identity and entitlement of up to 5 beneficiaries" and omit "Establishing the identity and entitlement of up to 3 beneficiaries" and consequently amend existing Schedule 2A.
Taxation instruction	Omit "Instructing and overseeing the preparation of taxation, returns and notices.
Fund held by QPT - another	Insert "Dealing with funds held by QPT in another capacity" and consequently omit from existing Schedule 2A.
Household furniture etc.	Omit "Dealing with household furniture, effects, chattels or jewellery with the consent of the beneficiaries Insert "Confirm in writing if beneficiaries prefer to discharge the public trustee from the duty of dealing with household furniture, effects, chattels or jewellery and will attend directly Insert in existing Schedule 2A "Dealing with household furniture, effects, chattels or jewellery in circumstances where beneficiaries do not attend to this directly – Up to 3 hours work." 26 Units.
Deceased as a trustee	Omit "Investigation and dealing with bank accounts held by the deceased as a trustee and where the public trustee does not assume the trust" and insert in existing Schedule 2A.
Registry searches	Omit the following or amend the wording, as it can be misinterpreted to be imply that the responsible trust officer is undertaking these activities: <ul style="list-style-type: none"><li>• "Attending to registry searches, and the stamping and lodging of documents in a registry and</li><li>• "Attending to the preparation and lodgement of documents in the registry of titles in relation to a release of a mortgage, application for a paper title, request to change name or request to amalgamate.</li></ul>



## **Additional charges**

Additional service fees will apply for activities in existing Schedule 2A where the time taken exceeds the allocated time. Following are allocated time allowances, after which additional service fees will apply at the hourly rate:

- For each specific bequest – if over one (1) hour
- Instructing and overseeing taxation service provider – if over two (2) hours
- Gathering information and instructing lawyers – if over two (2) hours
- Dealing with household furniture, effects, chattels or jewellery in circumstances where beneficiaries are unable to attend directly – if over three (3) hours
- General Trustee duties, excluding any real property dealings, required in the winding up of any Testamentary Trust – if over seven (7) hours.

The following activities will be subject to an additional service fee, as the time taken to perform these tasks vary significantly depending on the specific circumstances:

- For each asset and liability held or registered outside of Australia
- Dealing with all holding of shares or units in an entity listed on a foreign stock exchange
- For each weapon
- For dealing with farm machinery
- For dealing with livestock
- For asset (other than realty) held as joints tenants with another person and where QPT is taking action to record the death of the deceased.

## Appendix 4 - Glossary of terms

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Base case	<p>The base case serves as a critical reference point for evaluating the proposed fee options. It represents the expected financial outcome under the current fee structure, modelled using customer transactions, fees, and costs observed in FY22. This means that any reported impacts in this paper are compared to the base case scenario, unless explicitly stated otherwise.</p> <p>FY22 was chosen as the base year because it provides the most up-to-date data necessary for accurate modelling of fee revenue and customer impacts.</p> <p>A key assumption underpinning the analysis is that all fees and costs observed in FY22 will continue to increase at the same rate in future years. Importantly, this implies that QPT's hourly rate will adjust for inflation from FY22 level moving forward.</p>
Capital Support Allocation	<p>This allocation covers potential losses that may occur due to fluctuations in the value of the Common Fund.</p>
Civil Law Legal Aid	<p>Helps financially disadvantaged people gain access to justice for civil law claims where Legal Aid Queensland doesn't provide grants of aid.</p>
Community service obligation	<p>This paper uses the term 'community service obligations' to describe dedicated initiatives funded by QPT, like free will-making services provided to community and fee rebates given to vulnerable customers, to increase public good in way not typically undertaken by commercial businesses.</p> <p>This usage differs from the official definition adopted by Australian governments. Under the official definition used in the national competition policy reform 'a community service obligation arises when a government specifically requires a government business enterprise to carry out activities relating to outputs or inputs which it would not elect to do on a commercial basis, and which the government does not require other businesses in the public or private sectors to generally undertake, or which it would only do commercially at higher prices.'</p> <p>To avoid potential for misunderstanding during the public consultation, QPT is maintaining consistency with its past usage and the definition familiar to its stakeholders.</p>
Competition Principles Agreement	<p>The 1995 Competition Principles Agreement was made between Australia's Commonwealth, States, and Territories Governments in 1995 (amended 2007). This agreement promotes consistent competition policies for all Australian businesses regardless of ownership.</p>
Government capital guarantee	<p>Protects customers' investments even if QPT's management of the Common Fund results in capital losses.</p>
Incidental outlays	<p>Is an annual fee that contributes to QPT's general administrative costs for customer accounts, such as running and maintaining systems for emails, and phone calls and faxes as well as photocopying, postage, and printing.</p>
Intestacy	<p>The condition of an estate if a person passes away without a valid Will.</p>
The Notice	<p>Public Trustee (Fees and Charges Notice 2021)</p>

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Official Solicitor	The role of the Official Solicitor was created by the Public Trustee Act 1978 and delivers legal services to the Public Trustee of Queensland and a number of departments of the Queensland Government.
Official Solicitor – Customer Legal Services	Provides specialist advice and services in relation to many areas of the law for QPT customers.
Probate Registry of Queensland’s Supreme Court	The Probate Registry is the division of the court that reviews applications for probate and holds records of these applications in accordance with the <i>Succession Act 1981</i> .
(Queensland) Public Advocate	Part of Queensland’s Guardianship and Administration system. The role of the Public Advocate is to work on behalf of adults with impaired decision-making capacity to promote and protect their rights, including protecting them from neglect, exploitation, and abuse; encourage the development of services and programs to help them reach the greatest degree of autonomy.
Public Curator	Former name of the Office of the Queensland Public Trustee.
(Queensland) Public Guardian	Part of Queensland’s Guardianship and Administration system. The role of the Public Guardian is to act as a substitute decision maker of last resort for Queensland adults with impaired decision-making capacity. The Public Guardian can make decisions about accommodation, health care, legal (not related to finance or property) and other personal matters.
(Queensland) Public Trustee	Part of Queensland’s Guardianship and Administration system. The role of the office of the Queensland Public Trustee is to provide essential support, services, and education to Queenslanders in financial administration, life planning, trusts, and deceased estate management.
Public Trustee Investment Fund (PTIF) - Growth Trust	QPT offers the Growth Trust, an investment fund which provides a fully diversified investment strategy for those seeking long-term income and capital growth. QPT is the trustee manager of the Growth Trust and is responsible for determining investment objectives and strategy.
Queensland Civil and Administrative Tribunal (QCAT)	The Queensland Civil and Administrative Tribunal (QCAT) is an independent, accessible tribunal that efficiently resolves disputes on a range of matters including referring people to QPT who require financial administration due to impacted decision-making capacity.
Testator	A person who has made a Will.
Trust administration services	Day-to-day administration of for a range of trusts including testamentary trusts.
Trust	A trust is a legal arrangement where a person or corporation (trustee) is appointed to hold and manage the assets in the trust on behalf of the beneficiaries according to the terms and conditions specified in the trust document.

