

# Part C - Detailed Corporate Information

(Information in accordance with the Annual Reports (Statutory Bodies) Regulation 2000 and Government requirements)

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# Corporate Governance

## Enabling Legislation

The *State Owned Corporations (SOC) Act 1989* provides for the establishment and operation of Government enterprises as State-owned corporations. It sets out amongst many other matters, the objectives of State-owned corporations, the powers of Ministers and provisions for reporting.

The *Superannuation Administration Authority Corporatisation Act 1999* established the Corporation, defines the business of the corporation, and sets out special provisions for the management of the Corporation which supersede provisions in the SOC Act.

A *Memorandum of Association* for the Corporation with effect from 26 July 1999, the date of establishment of the corporation, was executed by the Premier and by the Treasurer as Shareholding Ministers.

## Oversight of the Corporation by the NSW Government

Oversight by the NSW Government is through a Portfolio Minister in terms of clause 20I of the SOC Act and two Voting Shareholders of the Corporation in terms of clause 20H of the same Act

Legislatively required reporting, in addition to this Annual Report, includes providing a draft Statement of Corporate Intent each year to the Shareholding Ministers supported by a confidential business plan, risk analysis and financial projections. This is complemented by quarterly reports on performance. The Corporation also provides this material to the Portfolio Minister.

The Corporation is subject to external audit by the Auditor-General, and is also subject to the powers of a number of other Government entities, such as the Ombudsman and the Independent Commission Against Corruption.

## The Portfolio Minister

The Portfolio Minister in terms of clause 20I of the *State Owned Corporations Act 1989* is The Hon John Della Bosca, MP, Special Minister of State, Minister for Commerce, Minister for Industrial Relations, Assistant Treasurer, and Minister for the Central Coast.

## The Shareholding Ministers

The Voting Shareholders of the Corporation in terms of clause 20H of the *State Owned Corporations Act 1989* are:

- The Hon Bob Carr, MP, Premier, Minister for the Arts, and Minister for Citizenship; and
- The Hon Michael Egan, MLC, Treasurer, Minister for State Development, and Vice-President of the Executive Council.

## The Board

The Board has statutory authority under the above-mentioned legislation to manage the corporation and is the entity that reports to Shareholding Ministers and to which directions may be issued by the Portfolio Minister.

The Board consists of at least three and no more than six non-executive directors and the Chief Executive Officer. The Chairman is a non-executive director. The Board meets at least monthly and monitors corporate performance and key issues through formal processes such as monthly reports from management and discussion at board meetings, through discussions with stakeholders, and through various informal means open to the directors.

Each of the Non-Executive Directors of the Corporation was appointed by the Voting Shareholders pursuant to clause 15.2 of the Articles of Association of the Corporation.

The names of the Non-Executive Directors and the dates and terms of their appointments are:

- Professor Bob Walker, BCom (UNSW), MEc (Syd), PhD (Syd), CA, Chairman, appointed on 21 July 1999 for the term 26 July 1999 to 25 July 2004; Prof Walker has recently been re-appointed for the term 26 July 2004 to 25 July 2008;
- Mr Darryl Snow, Nominee of the NSW Labor Council, appointed for three years from 16 October, 2001 to 15 October 2004;
- Ms Eve Crestani, Dip Law (BAB), DPM, FACID, appointed for three years from 16 October, 2001 to 15 October 2004;
- Mr Noel Davis, LLB, AAIL, appointed for three years from 16 October, 2001 to 15 October 2004;
- Mr Pieter Franzen, BEc (Syd), FSIA, AIIA, initially appointed in July 1999 and re-appointed in 2001 until 19 October 2004; and
- Ms Glenys Roper, BA, LittB, FAICD, appointed for three years from 16 October, 2001 to 15 October 2004.

In combination the Non-Executive Directors brought to the Board qualifications, skills and experience in, or relevant to, the superannuation and finance industries, private and public sector management, and employee and industrial relations.

### **The Chief Executive Officer**

The Chief Executive Officer (CEO) is appointed by the Non-Executive Directors after consultation with the Voting Shareholders.

Mr Stan Droder, FCA, FCPA, Hon DBus (CSU), Hon DEc (UNE) was appointed by the Board as CEO in early 2002-2003 following consultation with the Voting Shareholders, and following his earlier appointment as Acting CEO from September 2001. Mr Droder recently retired as at 16 July 2004 and has been replaced by Mr Peter Cormack.

### **Frequency of Meetings of Directors and Attendance at Meetings**

The Board met fourteen times during 2003-2004. The number of meetings attended by each Director is set out below.

<b>Director</b>	<b>Possible number</b>	<b>Number attended</b>
Prof Walker	14	14
Mr Franzen	14	13
Mr Droder	14	13
Ms Crestani	14	13
Mr Davis	14	13
Ms Roper	14	14
Mr Snow	14	14

## Board Committees

During the year the Board was assisted by the following five committees composed of non-executive directors:

- the Audit Committee which focuses on the adequacy of the administrative, operating, risk and accounting controls and accounting policies, and to which the contracted internal audit firm reports;
- the Human Resources and Remuneration Committee which provides high level oversight of human resources policies, strategies and remuneration;
- the Marketing and Business Development Committee which provides high level oversight of marketing and business development strategies and activities;
- the Superannuation Compliance Committee which oversees the Corporation's compliance program in relation to superannuation administration; and
- the Information Technology Governance Committee which focuses on Pillar's investment in information technology to ensure that it is cost-effective, delivers value to shareholders and is secure.

Details of the membership, activities and charter of each of the above committees are provided below.

### The Audit Committee

During 2003-2004 the members of the Audit Committee were:

- Ms Glenys Roper, Chairman;
- Mr Noel Davis;
- Mr Darryl Snow; and
- Professor Bob Walker.

The meetings are attended by representatives of management, external auditors, and internal auditors. On occasions the Audit Committee has met with external and internal auditors without management being present.

The Committee met eight times during the financial year. The activities of the Committee included:

- updating the risk assessment and developing a 3 year strategy for managing risk;
- approving the audit plan and oversighting its implementation;
- assurance reporting to clients audit committees;
- monitoring implementation of audit recommendations;
- matters related to the statutory accounts such as policy issues and matters raised by external audit;
- review of delegations;
- reviews on various aspects of Pillar's administration services including systems access security; and
- review of the Committee's charter.

## **Charter of the Audit Committee**

### **Objectives**

The primary objectives of the Audit Committee are to:

- (a) assist the Board in fulfilling its responsibilities by providing an independent review of
  - (i) accounting & financial reporting policies & practices;
  - (ii) the effectiveness of internal controls; and
  - (iii) compliance with external requirements outside the charter of the Superannuation Compliance Committee;
- (b) provide a forum for communication between directors, auditors and senior management on these matters; and
- (c) ensure the integrity of the internal audit function and facilitate the external audit function of the Auditor General in relation to Pillar.

### **Membership**

The Board will determine the membership of the Audit Committee. It may include persons who are not members of the Board but will not include executives or executive directors of the corporation. The chair of the Board shall not chair the Audit Committee.

Membership will be reviewed annually to consider the need for fresh perspectives while maintaining continuity and retention of knowledge & skills.

All directors who are not members of the audit committee shall have the right to attend meetings of the committee.

The Committee may invite persons to attend its meetings including:

- (a) executives of the corporation as appropriate;
- (b) internal auditors and other persons providing reports or information for the Committee;
- (c) representatives of the Auditor General including contractors, but excluding persons engaged in auditing the corporation's clients.

### **Duties and Responsibilities**

The Committee shall consider any matters relating to its objectives that it wishes, and any matters referred by the Board.

The Committee shall seek to ensure new committee members are adequately inducted and that all members are informed about any changes relevant to their roles including changes in statutory requirements, accounting standards, or guidelines affecting financial reporting.

Specific duties shall be as follows:

- Oversight of review programs dealing with the adequacy of administrative, operating, risk and accounting controls and advising the Board regarding matters arising from the reviews.
- Assessment of the adequacy of resources devoted to the accounting function (including training and succession planning) to ensure that reporting arrangements are of high quality - and advice to the Board of any identified shortcomings.
- Recommending to the Board the appointment of internal auditors, the terms of reference of internal auditors and the level of fees payable to the internal and external auditors.
- To review the performance of the internal auditor.

- To ensure that periodic assessments are undertaken of the internal control risks faced by the entity in the course of its operating activities, and to review and agree on the arrangements to audit, manage or mitigate those risks.
- Liaising with the internal auditors regarding planning and implementation of all internal audit activity and agreeing the audit plan and any changes to that plan that may occur during the period of the agreed plan;
- Liaising with the Auditor-General or his representative regarding external audit and accounting policy issues;
- Facilitating the independence and integrity of the audit functions by meeting with auditors, without management, and seeking comment on:
  - a) whether the effectiveness and efficiency of audits and the audit functions overall are constrained by management or staff in any way; and
  - b) any other matter the auditors may wish to raise concerning Pillar.
- Liaising with the Audit Committees of major clients on internal control issues;
- Initiating post-implementation reviews as warranted of past investments in major IT projects and any other areas of major capital expenditure;
- Considering the correspondence and reports of the internal and external auditors, and other sources of advice;
- Considering the response of management to audit and other reports and intended management actions to implement and/or modify the recommendations.
- Monitoring the implementation of agreed corrective actions and improvements and to facilitate this requiring on behalf of the Committee the maintenance of records of recommendations, management comments and corrective actions.
- Review of the form and content of financial reports to the Board in respect of operational activity and capital expenditure. As part of this to periodically seek advice from internal and external auditors regarding the completeness and quality of financial and operational information being provided to senior management and the Board.
- Review of the Corporations annual accounts and, when satisfied, recommend the accounts to the Board for approval.
- Determination of and then review of at least annually the accounting policies of the Corporation and any subsidiaries, and as appropriate determination or co-determination of accounting policies of joint ventures.
- Advice to the Board regarding delegations of authority within the Corporation and review of the delegations annually and when there is a change in senior management personnel.
- Review of and, if considered appropriate, approval of proposals involving transactions with related parties (including directors and staff of the Corporation, and interests associated with those individuals).
- Review of the internal controls relating to executive travel and entertainment, as part of the review of delegations or otherwise.

The committee shall review its performance annually, with particular attention being paid to the extent to which it has met its responsibilities in terms of this charter.

The charter shall be reviewed and updated annually, initially by the audit committee and then by the Board.

## **The Human Resources and Remuneration Committee**

During 2003-2004 the members of the Human Resources and Remuneration Committee were:

- Mr Pieter Franzen, Chairman;
- Ms Glenys Roper;
- Ms Darryl Snow; and
- Professor Bob Walker (ex officio).

The Committee met six times during 2003-2004. In addition, discussions on matters before the Committee were combined with Board meetings, and, as well, the Committee Chairman had a number of working meetings with executives. As a result a range of matters was progressed including:

- performance and salary reviews of Executive staff;
- salary reviews of non-award staff;
- CEO succession processes;
- annual training plan;
- HR policies including the recruitment and selection policy; and
- review of the Committee's Charter.

## **Charter of the Human Resources and Remuneration Committee**

### **Objectives**

The primary objectives of the HR&R Committee are to:

- (a) assist the Board in fulfilling its responsibilities by providing an independent review of :
  - human resource management, training and remuneration policies and practices and;
  - compliance with external requirements
- (b) encourage management to build and sustain the effectiveness of Pillar's staff. It will particularly have regard to the fact that Pillar is a customer service organisation where staff effectiveness is critical to Pillar being able to deliver the services for which it is currently and potentially contracted, and achieve its goals, both financial and in other areas.

### **Membership**

The Board will determine the membership of the HR&R Committee. It may include persons who are not members of the Board but will not include executives or executive directors of the corporation. The chair of the Board shall not chair the HR&R Committee.

Membership will be reviewed annually to consider the need for fresh perspectives while maintaining continuity and retention of knowledge & skills.

All directors who are not members of the HR&R Committee shall have the right to attend meetings of the committee.

The Committee may invite persons to attend its meetings including executives of the corporation as appropriate.

The Committee shall consider any matters relating to its objectives that it wishes, and any matters referred by the Board.

The Committee shall seek to ensure new committee members are adequately inducted and that all members are informed about any changes relevant to their roles.

## **Duties and Responsibilities**

Pillar's Board will firstly ensure that the appointment and remuneration of the Chief Executive is aligned with the needs and goals of the organization. The Committee will then consider and approve recommendations made by the Chief Executive Officer regarding senior executive appointments and, if required, terminations. It will ensure that the CEO has the necessary resources required to attract and retain those senior executive managers in order to fulfil Pillar's obligations.

The Committee will also then ensure the CEO will have in place appropriate programs to:

Retain the talent necessary for the Corporation to function effectively and in accordance with the goals set by the Board, agree appropriate strategies pertaining to remuneration and conditions of employment;

Secure maximum leverage from leadership, teamwork, change management, interpersonal relations and communications;

Focus staff to the business goals of Pillar through sophisticated recruitment, technical, managerial and personal development training programs, succession planning and job performance analysis;

Ensure the principles of Equal Opportunity of Employment are enshrined in all aspects of human resource management;

Recognize the employees' industrial affiliations and where appropriate work with relevant unions to maximize employee and employer welfare;

Monitor management's effectiveness in achieving these goals through regular and systematic review of the effectiveness of HR policies and procedures.

The Committee will assess its own performance and review this charter in light of that assessment annually.

## **The Marketing and Business Development Committee**

During 2003-2004 the members of the Marketing and Business Development Committee were:

- Ms Eve Crestani, Chairman;
- Mr Noel Davis;
- Mr Pieter Franzen; and
- Prof Bob Walker (ex officio).

The Committee met five times during 2003-2004 and its activities included:

- reviewing and further developing marketing strategies;
- monitoring marketing activities including exploration of business opportunities and marketing events;
- meeting with external people involved in the industry in different capacities;
- monitoring action on tenders and the resourcing needs for new business; and
- monitoring development of marketing documents.

## **Charter of the Marketing and Business Development Committee**

The Board has established the Marketing and Business Development Committee to advise the Board in relation to the broad framework within which marketing and business development will be pursued by management.

In particular, the Committee will advise the Board on:

1. the principles to be followed;
2. the relative merits of pursuing different types of business;
3. the requisites for successful marketing and bidding, and any strengthening needed in those respects; and
4. the appropriate indicators for assessing management performance.

The Committee will assess its own performance annually and will review this charter in the light of that assessment, and advise the Board of any recommended changes.

## **The Superannuation Compliance Committee**

During 2003-2004 the members of the Superannuation Compliance Committee were:

- Mr Noel Davis, Chairman;
- Ms Eve Crestani; and
- Prof Bob Walker (ex officio).

The Committee met five times during 2003-2004 and its activities included:

- overseeing the ongoing enhancement of the compliance program and organisational arrangements for compliance;
- monitoring implementation of the program;
- monitoring actual compliance performance;
- overseeing the application for an Australian Financial Services licence; and
- review of the Committee's charter.

## **Charter of the Superannuation Compliance Committee**

### **Objectives**

The primary objectives of the Audit Committee are to:

- a) oversight the corporation's compliance program and
- b) report to the Board in relation to the corporation's levels of compliance.

### **Membership**

The board will determine the membership of the Superannuation Compliance Committee.

Membership will be reviewed annually to consider the need for fresh perspectives while maintaining continuity and retention of knowledge and skills.

All directors who are not members of the Superannuation Compliance committee shall have the right to attend meetings of the committee.

The Committee may invite persons to attend its meetings including:

- a) The Compliance Manager and the Compliance Assessment Manager of the corporation;
- b) The legal officer of the corporation.

## **Duties and Responsibilities**

The Committee shall consider any matters relating to its objectives that it wishes, and any matters referred by the Board.

The Committee shall seek to ensure new committee members are adequately inducted and that all members are informed about any changes relevant to their roles including changes in statutory requirements

Monitor the compliance program to ensure that

- (a) the Corporation has complied with relevant legislation and documents on behalf of the clients or that, where a breach has occurred, that it has been appropriately remedied
- (b) The compliance program is designed to ensure that the Corporation, on behalf of its clients, has complied with:

- \* the State superannuation legislation;
- \* the Superannuation Industry (Supervision) Act;
- \* the Financial Services Reform Act;
- \* the Superannuation (Resolution of Complaints) Act;
- \* the Corporations Act;
- \* the Family Law Act;
- \* other legislation that is relevant to the superannuation administration activities of the Corporation;
- \* contracts and other documentation that the trustees or the corporation are bound by;
- \* procedures that the trustee of funds administered by the corporation is obliged to follow.

The committee shall review its performance annually, with particular attention being paid to the extent to which it has met its responsibilities in terms of this charter.

The charter shall be reviewed and updated annually, initially by the committee and then by the Board.

## **The Information Technology Governance Committee**

This Committee met for the first time during 2003-04. The members of the Committee were:

- Mr Darryl Snow, Chairman;
- Ms Eve Crestani;
- Mr Noel Davis;
- Mr Pieter Franzen;
- Ms Glenys Roper; and
- Prof Bob Walker.

The Committee met four times and its activities included:

- establishing the committee's charter
- monitoring the purchase and development of administration software
- reviewing current infrastructure and future needs; and
- oversighting of the IT business plan.

## Charter of the Information Technology Governance Committee

### Objectives

To seek to ensure that Pillar's investment in information technology is cost-effective and delivers value to stakeholders.

To ensure that systems are in place and regularly updated to ensure security of the corporation's systems and data bases.

### Responsibilities

To review proposed investments in IT, and to monitor IT projects against original budgetary submissions and timelines to ensure that expenditure is controlled and that the costs and projected benefits of proposed projects are evaluated regularly until implementation or abandonment.

To consider the risks associated with investments in software or licensing arrangements with software vendors.

To ensure that management have clearly articulated plans for the management of Pillar's existing and proposed investments in IT (including the prioritisation of proposals for the modification of software, including modifications undertaken in terms of maintenance contracts with vendors).

To monitor management's plans for managing risks associated with the corporation's applications of IT.

To review or develop key performance indicators relating to the application of IT within the corporation.

To periodically review the IT capabilities of the organisation.

To offer expert insight into, and timely advice and direction on, the availability of suitable resources, skills and infrastructure to meet the strategic objectives.

To annually assess and advise the Board on the Committee's own performance and review its charter.

### Authorities

The committee may engage independent technical experts to assist it in its deliberations.

The committee will work in partnership with the audit committee on major IT risks.

## Management

### The Executive Structure

The organisation chart including the main functions of the organisational divisions is set out in Part A of this Annual Report. The senior management positions and the occupants of those positions during 2003-2004 are set out below.

<b>Position</b>	<b>Occupant</b>	<b>Period</b>
Chief Executive Officer	Mr Stan Droder	Whole period
General Manager Business Systems	Mr Bob Bramston	Until January 2004
General Manager Operations	Mr Peter Cormack	Whole period
General Manager Finance & Administration	Mr Eric Lo	Whole period
General Manager Marketing & Business Development	Mr Mike Turner	Whole period
Manager Human Resources	Mr Malcolm Saunders	Whole period
Company Secretary	Ms Jane Byrne	Whole period

## **The Executive Committee**

The Executive Committee is the senior executive committee of Pillar. During the financial year it met at least monthly for information sharing and consideration of key issues facing management. Its members are as listed above under Executive Structure.

## **The Joint Consultative Committee**

The Joint Consultative Committee provides a forum for discussion between management and the representatives of employees and employee associations. Its meetings are generally held each six weeks and it draws its membership from amongst Pillar's executive group, employee representatives and representatives of the Public Service Association.

## **Other Committees**

To assist with monitoring, decision-making and organisation functioning, the Corporation has various specific purpose committees. During 2003-2004 these included:

- the Projects Priority Group composed of the General Managers of Business Systems, Finance & Administration and Operations Divisions; and
- the Occupational Health and Safety Committee composed mainly of non-managerial staff.

# Executive Remuneration

## Officers Paid Above \$190,551

During the year actual remuneration in excess of \$190,551 (equivalent to the minimum of SES level 5) was paid or payable to the following four executives:

- Mr Stan Droder, Chief Executive Officer,
- Mr Peter Cormack, General Manager Operations Division,
- Mr Eric Lo, General Manager Finance and Administration, and
- Mr Mike Turner, General Manager Marketing and Business Development.

Performance statements for the executives listed above are provided below as required by the Annual Reports (Statutory Bodies) Regulation 2000.

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### Performance Statements

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Name:	Stan Droder
Position:	Chief Executive Officer
Remuneration package paid or due and payable for year:	\$265,000
Performance pay:	\$30,000 deferred pay increase for the financial years ended 2002-2003 and 2003-2004. \$73,000 performance bonuses for his term of office
Period:	Full year
Results:	Tasks set by the Board for the Chief Executive Officer and achieved successfully included: <ul style="list-style-type: none"><li>• Continuing to meet client performance standards and ensuring harmonious commercial relationships with established and new clients;</li><li>• providing effective strategic leadership of the organisation including the initiation of a major strategic systems development plan in IT;</li><li>• strengthening the compliance program and internal controls leading to a substantial reduction in error rate;</li><li>• further development of technical and people management expertise through training and other developmental activities; and</li><li>• Securing the FTC contract for a further term and winning new business.</li></ul>

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Name:	Peter Cormack
Position:	General Manager, Operations
Remuneration package paid or due and payable for year:	\$201,000

Performance pay: \$14,000 paid during 2003-2004 for contributing to improved organisation performance during the 2002-2003 financial year.  
 \$15,000 paid during 2004-2005 for contributing to improved organisation performance during the 2003-2004 financial year.

Period: Full year

Results: Managed the superannuation administration operations for four funds with a total of over 800,000 members. This included:

- achieving contract performance standards for a division of over 270 staff dealing with high levels of member inquiries, superannuation contributions & benefits and other functions;
- implementing administration for a new client well ahead of the originally scheduled time;
- improving organisation productivity and performance through implementing the merger of two organisation divisions and other functional adjustments, and further relocations to Coniston;
- contributing to retention and expansion of business through presentations to clients and prospective clients; and
- contributing to Pillar's involvement in the Wollongong business community.

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Name: Eric Lo

Position: General Manager Finance and Administration

Remuneration package paid or due and payable for year: \$217,455

Performance pay: \$8,000 paid during 2003-2004 for contributing to improved organisation performance during the 2002-2003 financial year.  
 \$15,000 paid during 2004-05 for contributing to improved organisation performance during the 2003-2004 financial year

Period: Full year

Results: Managed the accounting, taxation, and finance functions for Pillar and superannuation funds for Pillar's clients. This included:

- meeting statutory accounting and taxation reporting requirements for Pillar and clients;
- implementing accounting data conversion for a new superannuation fund client;
- developing Capital Gains Tax (CGT) allocation methodology for CGT discounts to investment portfolios;
- Improving operation efficiency through business process review;
- completion of strategic accounting and finance projects.

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Name: Mike Turner  
 Position: General Manager, Marketing and Business Development  
 Remuneration package paid or due and payable for year: \$194,409  
 Performance pay: \$5,000  
 Period: Full year  
 Results: Managed the marketing and member communications functions. This included:

- keeping Pillar's capabilities and business interests widely known within the superannuation industry through further developing and implementing the marketing plan, arranging industry events, visiting prospective clients and revitalising publications and advertising;
- playing a key role in Pillar's success in retaining and attracting business by leading & coordinating tendering activities and other presentations of Pillar's capabilities;
- opening a business service office in Melbourne;
- positioning the corporation for success in related services eg master trust administration;
- meeting performance standards for issue of statements to fund members;
- maintaining Pillar's interests in the broader community through charity and sponsorship arrangements.

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## Number of Executive Officers

The following figures disclose the number of executive officers employed at the close of the year with an annual remuneration package equal to or exceeding the value of remuneration for Senior Executive Service Officers, level 1. The figures include information technology managers.

Date	Female	Male
30 June 2004	2	10
30 June 2003	2	9

# Human Resources

## EEO Achievements

The Corporation is an equal opportunity employer that has integrated EEO practices into all areas of the workplace, thereby creating an environment where staff are valued and have the opportunity to contribute and develop to their fullest potential. The merit principle is applied to all recruitment, selection, promotion, training and other employment-related opportunities.

Ongoing activities include the encouragement of target groups to access personal development opportunities, grievance resolution and confidential counselling services.

## Statistical Information for EEO Groups

**Table A. Trends in the Representation of EEO Groups**

EEO GROUP	% of Total Staff				
	Benchmark or Target	2001	2002	2003	2004
Women	50%	63%	59%	60%	65%
Aboriginal people and Torres Strait Islanders	2%	1%	1%	1%	1%
People whose first language was not English	19%	21%	19%	18%	19%
People with a disability	12%	4%	3%	2%	3%
People with a disability requiring work-related adjustment	7%	0%	0%	0%	0%

**Table B. Trends in the Distribution of EEO Groups**

EEO GROUP	Distribution Index				
	Benchmark or Target	2001	2002	2003	2004
Women	100	73	75	75	76
Aboriginal people and Torres Strait Islanders	100	n/c	n/c	n/c	n/c
People whose first language was not English	100	98	100	103	102
People with a disability	100	n/c	n/c	n/c	n/c
People with a disability requiring work-related adjustment	100	n/c	n/c	n/c	n/c

### NOTES

1. A Distribution Index of 100 indicates that the centre of the distribution of the EEO group across salary levels is equivalent to that of other staff. Values less than 100 mean that the EEO group tends to be more concentrated at lower salary levels than is the case for other staff. The more pronounced this tendency is, the lower the index will be. In some cases the index may be more than 100, indicating that the EEO group is less concentrated at lower salary levels. The Distribution Index is automatically calculated by the software provided by ODEOPE.

2. n/c = Not Calculated. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

## Changes in Legislation

Changes in legislation related to superannuation administration are reported in the Annual Reports of the Corporation's clients, in particular the Annual Reports of the FSS Trustee Corporation and the SAS Trustee Corporation.

There were no changes in the *Superannuation Administration Authority Corporatisation Act 1999*.

## Consumer Response

### Guarantee of Service

Service standards are specified within service provision contracts with the Corporation's clients.

### Complaints

The Corporation reports to its trustee clients each quarter on the complaints received from the members of the schemes the Corporation administers.

### Public Sector Funds

By arrangement with its public sector trustee clients, Pillar's annual report includes statistics on complaints received for those funds. There were 238 individual complaints about particular situations recorded for the year ended 30 June 2004 applicable to Public Sector Funds. A statistical breakdown by category is shown below.

The definition of a complaint for reporting purposes is 'a written or oral expression of dissatisfaction which requires a response'.

<b>Category of Complaint</b>	<b>Number of Complaints</b>
Application of policy	38
Administrative issues	166
Investment	13
Insurance	14
Incorrect data from external provider	7
<b>Total</b>	<b>238</b>
Number of fund members as at 30 June 2004	<b>614,153</b>

Managers review the handling of complaints on a sample basis and this includes follow-up contact with the person who complained. All complaints are analysed to determine if there is a systemic cause, and if that is the case, corrective and preventive action is implemented.

Staff and managers are encouraged to recognise and highlight complaints that show the need for changes to scheme literature, standard letters, systems, procedures and practices. Where appropriate, changes to legislation or policy are proposed to clients for their consideration.

### Disputes and Appeals

Disputes and appeal provisions for Public Sector Funds are administered by the public sector Trustee clients of the Corporation and are covered in their Annual Reports.

The Superannuation Complaints Tribunal (SCT) administers disputes and appeals for Private Sector Funds.

# Freedom of Information

## Statement of Affairs

Every agency covered by the *Freedom of Information Act 1989* is required by the Act to publish an annual Statement of Affairs.

The Superannuation Administration Corporation (SAC), trading as Pillar Administration, was created with effect from 26 July 1999 by the *Superannuation Administration Authority Corporatisation Act 1999*.

The organisation's structure, functions and charter are set out in Part A of this annual report. The financial summary is in the audited financial statements, which is Part B of this annual report.

## Freedom of Information Procedures

Arrangements can be made to inspect or obtain copies of accessible documents by contacting the Freedom of Information Coordinator, telephone phone (02) 4253 1478 or fax (02) 4253 1688 or by writing to the Freedom of Information Coordinator, Pillar Administration, Locked Bag 1229, Wollongong DC, NSW, 2500.

When prior arrangements have been made documents may be inspected between the hours of 10am and 4pm at Pillar Administration, Old Springhill Road, Coniston, or at level 18, 83 Clarence Street, Sydney.

## Charges for FOI Applications

Nature of Application	Application Fee	Processing Charge
Access to personal records	\$30*	First 20 hours free, then \$30 per hour
All other requests	\$30*	\$30 per hour
Amendment of records	Nil	Nil

*\*50% reduction for financial hardship and public interest reasons*

## Documents held by Pillar

Pillar holds the following policy documents that are available free of charge, many on behalf of the SAS Trustee Corporation (STC), and the FSS Trustee Corporation (FTC). Documents that relate to superannuation include a reference to the governing legislation:

1. All STC Schemes Policy Register. This contains policies covering various matters affecting STC Schemes.
2. State Authorities Superannuation Scheme (SASS) Policy Register. This contains policies arising from the State Authorities Superannuation Act 1987.
3. State Superannuation Scheme (SSS) Policy Register. This contains policies arising from the Superannuation Act 1916.
4. Police Superannuation Scheme (PSS) Policy Register. This contains policies arising from the Police Regulation (Superannuation) Act 1906.
5. State Authorities Non-contributory Superannuation Scheme (SANCS – Basic Benefit) Policy Register. This contains policy arising from the State Authorities Non-contributory Superannuation Act 1987.
6. First State Super (FSS) Policy Register. This contains policies arising from the First State Superannuation Act 1992 and the First State Superannuation Scheme Trust Deed and Rules.

## **Freedom of Information Statistics 1 July 2003 to 30 June 2004**

Assessment of Information (based on Appendix B of the FOI Procedure Manual published by the New South Wales Premier's Department)

### Freedom of Information (FOI) Requests

New (including transferred in)	514
Brought Forward	22
Total to be processed	<u>536</u>
Completed	<u>518</u>
Withdrawn	<u>2</u>
Total Processed	<u>516</u>
Unfinished (carried forward)	18

### **Result of FOI Requests**

Granted in Full	196
Granted in Part	275
No documents Found	<u>45</u>
	<u>516</u>

<b>Ministerial Certificates Issued</b>	0
<b>Number of requests requiring formal consultations</b>	5
<b>Amendment of Personal Records</b>	0
<b>Notation of personal records</b>	0

### **FOI requests granted in part or refused**

Basis of disallowing or restricting access	
Section 25 (1)(a) - exempt	274
Section 31(4) - release to medical practitioner	9

**All completed requests - FOI fees received** \$15,435.00

### **Type of discount**

Financial hardship pensioner	9
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### **Days to Process - Elapsed Time**

0-21 days	352
22-35 days	133
over 35 days	<u>31</u>
	<u>516</u>

## **Other Publications**

Other publications of the Corporation available are this fifth Annual Report of the Corporation, and a limited number of previous Annual Reports.

The Corporation assists its Trustee clients with the publication of many documents for the use of Fund members. These publications belong to the Trustee Corporations and are identified in their Annual Reports.

# Compliance with Specific Policies

## Ethnic Affairs Priorities Statement (EAPS)

The system of providing language services to scheme members continued to ensure that appropriate languages are available when required. The services of the Ethnic Affairs Commission Language Service are used when Pillar's multilingual staff are unable to speak the language of a particular fund member or are unavailable. Ethnic diversity is reflected within Pillar and is recognised in staff recruitment practices.

## Electronic Service Delivery

The Corporation met the Government's targets for itself and for its major clients ahead of deadlines. That is:

- 1 all appropriate publications are on the internet;
- 2 all appropriate high volume transactions are on the internet; and
- 3 all other appropriate transactions are on the internet.

## Disability Action Plan

The Corporation provides flexible communications options to cater for clients and staff with specific needs. When providing customer services any special client needs are met on a case by case basis.

## NSW Government's Action Plan for Women

The NSW Government's Action Plan for Women focuses on a range of issues including: equitable and safe workplaces for women; the interest of women in economic reform; and access for women to education and training. Relevant policies in relation to the schemes administered by the Corporation are the responsibility of the Trustee clients of the Corporation. In relation to internal staff, the Corporation's policies and practices are intended to ensure equitable and safe workplaces and equality of opportunity.

## Occupational Health and Safety

An active occupational health and safety committee meets monthly to assist in resolving any safety issues. Members of the committee provide OH&S advice to staff, conduct regular workplace inspections, and provide reports on any remedial action required. Fourteen workers compensation claims were submitted to Pillar's insurers during 2003-2004 including four claims for matters arising from travelling to and from work.

## Code of Conduct

The Corporation has a detailed Code of Conduct. In addition, all staff are required to sign an Employee's Covenant annually. This covers the Corporation's Code of Conduct, Protected Disclosures Policy, Fraud and Corruption Prevention Policy, Harassment Policy, EEO Policy, Privacy Guidelines, Occupational Health and Safety responsibilities, building security procedures, virus protection, workstation access security, electronic messaging and media guidelines for staff.

## **Waste Reduction and Purchasing Plan**

The Corporation is committed to waste reduction and recycling and has produced a Waste Reduction and Purchasing Plan. Practices consistent with the policy are firmly established in business processes. This has reduced paper products used by the Corporation and, through E-Business initiatives, by other organisations as well. The key requirements are that:

- information technology and other technologies as appropriate are used to the optimum extent to reduce paper needs in the Corporation, bearing in mind cost and quality criteria;
- office consumables with recycled content are purchased where these are readily available and meet cost and quality criteria;
- paper and Cardboard waste that meets recycling criteria as advised from time to time, and toner cartridges are placed in designated containers for recycling; and
- other suitable materials are recycled as advised from time to time.

Employees are required to comply with the policy, and would be aware that the policy reflects corporate practices that have been in place for some time. New employees are made aware of the practices as part of the standard induction program.

## **Additional Financial Related Data**

### **Major Works**

There were no major works undertaken during the year.

### **Expenditure on Consultants during July 2003 - June 2004**

One firm provided services which were substantially advisory services and whose costs exceeded \$30,000. It is listed below:

Adaptra	Project Management Services	\$81,000
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### **New contracts in excess of \$100,000**

It is the Corporation's policy to publish the names of firms who win contracts exceeding \$100,000 during the reporting period. There were no new contracts awarded in excess of \$100,000.

### **Ongoing contracts or business relationships during 2003-2004**

In addition to the firms mentioned above, and excluding Pillar's clients, firms with ongoing contracts or business relationships with the Corporation included: Adaptra, Allens Arthur Robinson, Centaur Services Australia, Coastline Printing, Corporate Software, Cost Effectiveness Measurement Inc, Deloitte Touche Tohmatsu, Dialog Information Technology, Dimension Data, Ernst & Young, Financial Synergy, Hewlett Packard, IBM, IBM Global, Learning Solutions International, Nova IT, NTT, Oztech Security, Pricewaterhouse Coopers, Professional Advantage, QC Cleaning, Red Flame Design, Recall, Synchronised Software, Tardis Services, Telstra, 3D Networks, Tower Technology, and Unisys, ZooTech Systems.

### **Grants to Non-Government Organisations**

No grants to non-government organisations were made during 2003-2004.

### **Overseas Visits**

There were no costs related to overseas visits by representatives of the Corporation, and there were no such visits.

## Payment Performance Indicators

Accounts paid on time within each quarter:

Quarter	Total Accounts Paid On Time			
	Target	Actual	Target	Actual
	%	%	\$	\$
September 2003	100	100	5,167,789.19	5,167,789.19
December 2003	100	100	5,927,648.20	5,927,648.20
March 2004	100	100	5,599,500.53	5,599,500.53
June 2004	100	100	6,643,904.58	6,643,904.58
Total				23,338,842.50

## Risk Management and Insurance

The risks facing the Corporation have been identified and assessed, and an analysis has been provided in the Statement of Corporate Intent prepared in accordance with the *State Owned Corporations Act 1989*.

There is a variety of risks inherent in the operations undertaken by the Corporation. These include breach of professional duties, compliance with contractual, regulatory and statutory requirements, and various commercial risks. Key risks have been identified for annual and quarterly reporting to the Board and Shareholding Ministers.

Insurance cover is maintained through premiums paid to the Treasury Managed Fund, and includes professional indemnity cover for all staff, property, workers compensation, and miscellaneous matters.

The Corporation has a comprehensive Business Continuity Plan (BCP) which is regularly tested and includes arrangements for an alternative computer systems and processing site for maintenance of the main business functions in the event of a disaster.

Insurance premiums paid to Treasury Managed Funds for 2003/2004 amounted to \$527,824 (GST incl.).

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## Report Production Details

The estimated external costs of this report are estimated to be no greater than \$1,500, made up of: printing an initial 20 copies at \$180, followed by a further print run of 150 copies with photographs at an estimated maximum cost of \$1,300.

This report will be available on the internet from January 2005. The Internet address is <http://www.Pillar.com.au>