

Part B - Detailed Corporate Information

(Information in accordance with the *Annual Reports (Statutory Bodies) Regulation 2005 (NSW)* and relevant NSW Government requirements)

Corporate Governance	1B	Freedom of Information	17B
<ul style="list-style-type: none"> • Enabling Legislation • Oversight of the Corporation by the NSW Government • The Portfolio Minister • The Shareholding Ministers • The Board • The Chief Executive Officer • Frequency of and Attendance at Board Meetings • Board Committees 		<ul style="list-style-type: none"> • Freedom of Information (FOI) Statement of Affairs • FOI Procedures • Charges for FOI Applications • Documents held by Pillar • FOI Statistics 1 July 2004 to 30 June 2005 • Assessment of FOI Information • Other Publications 	
Management	11B	Compliance with Policies	23B
<ul style="list-style-type: none"> • The Executive Structure • The Executive Committee • The Joint Consultative Committee • Other Committees 		<ul style="list-style-type: none"> • Ethnic Affairs Priorities Statement • Electronic Service Delivery • Disability Action Plan • NSW Government's Action Plan for Women • Occupational Health & Safety • Code of Conduct • Waste Reduction & Purchasing Plan 	
Executive Remuneration	12B	Additional Financial Related Data	25B
<ul style="list-style-type: none"> • Executives with Remuneration Packages over \$198,151 • Number of Executive Officers 		<ul style="list-style-type: none"> • Major Works in 2004-05 • Expenditure on Consultants during 2004-05 • New Contracts in Excess of \$100,000 • Ongoing Business Relationships • Grants to Non-Government Organisations • Overseas Visits • Payment Performance Indicators 	
Human Resources	15B	Risk Management and Insurance	26B
<ul style="list-style-type: none"> • Equal Employment Opportunity (EEO) Achievements • Statistical Information for EEO Groups 			
Changes in Legislation	16B	Report Production Details	26B
Consumer Response	16B		
<ul style="list-style-type: none"> • Guarantee of Service • Complaints • Disputes and Appeals 			
Access	17B		

Corporate Governance

Enabling Legislation

The *State Owned Corporations (SOC) Act 1989 (NSW)* 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 (NSW)* established the Superannuation Administration Corporation (“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 then Premier and the then 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 section 20I of the SOC Act and two Voting Shareholders of the Corporation in terms of section 20H of the same Act.

Legislatively required reporting, in addition to this Annual Report, includes providing a 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 review 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 s 20I of the *State Owned Corporations Act 1989 (NSW)* is:

The Hon. John Della Bosca, MP, Special Minister of State, Minister for Commerce, Minister for Industrial Relations, Minister for Ageing, Minister for Disability Services, Assistant Treasurer and Vice President of the Executive Council.

The Shareholding Ministers

The Voting Shareholders of the Corporation in terms of s 20H of the *State Owned Corporations Act 1989* at 30 June 2005 were:

- The Hon. Robert Carr, MP, Premier, Minister for the Arts and Minister for Citizenship; and
- The Hon. Dr Andrew Refshauge, MP, Deputy Premier, Treasurer, Minister for Aboriginal Affairs and Minister for State Development.

However, subsequent to the end of the 2004-05 year, both of the Shareholders resigned their offices. The Voting Shareholders at the time of the submission of this Annual Report to the Portfolio Minister are:

- The Hon. Morris Iemma, MP, Premier, Treasurer and Minister for Citizenship; and
- The Hon. Michael Costa, MLC, Minister for Finance, Minister for Infrastructure, Minister for the Hunter.



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 (as at 30 June 2005) and the dates and terms of their appointments are:

Professor Bob Walker



BCom (UNSW), MEd (Syd), PhD (Syd), CA, Chairman, first appointed on 21 July 1999 and subsequently re-appointed for the term 26 July 2004 to 25 July 2008;

Ms Eve Crestani

Dip. Law (BAB), DPM, FAICD, first appointed on 16 October 2001 and subsequently re-appointed for the term 16 October 2004 to 15 October 2007;



Mr Noel Davis



LLB, AAll, first appointed on 16 October 2001 and subsequently re-appointed for the term 16 October 2004 to 15 October 2007;

Ms Glenys Roper

BA, LittB, FAICD, first appointed on 16 October 2001 and subsequently re-appointed for the term 16 October 2004 to 15 October 2006;



Mr Darryl Snow



Nominee of the NSW Labor Council, first appointed on 16 October 2001 and subsequently re-appointed for the term 1 March 2005 to 28 February 2007; and

Mr Philip Small

BEd (Syd), MSc (Lond), FCPA, appointed on 25 February 2005 for the term to 24 February 2008.



The term of a non executive Director, **Mr Pieter Franzen**, BEd (Syd), FSIA, AIIA, expired on 19 October 2004.

In combination the non-executive Directors bring 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), retired as CEO as at 16 July 2004.



Mr Peter Cormack, who prior to his appointment had been the General Manager, Operations of the Corporation, was appointed as CEO with effect from 17 July 2004.

Frequency of and Attendance at Board Meetings

The Board met eleven times during 2004-05. The number of meetings attended by each Director is set out below.

Director	Possible number	Number attended
Prof. Walker	11	11
Ms Crestani	11	11
Mr Davis	11	11
Mr Franzen <small>(term expired 19 October 2004)</small>	3	3
Ms Roper	11	11
Mr Snow	11	11*
Mr Small <small>(appointed 25 Feb. 2005)</small>	5	5**

*7 as Director, 4 in attendance

**2 as Director, 3 in attendance

Board Committees

During the year the Board was assisted by the following Committees composed of non-executive Directors:

- the Audit Committee, which establishes accounting policies, focuses on the adequacy of the administrative, operating, risk and financial controls and oversees the work of the internal auditor;

- the Human Resources & Remuneration Committee, which provides high level oversight of human resources policies, strategies and remuneration;
- the Marketing & 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 and is secure.

Membership of Board Committees

The Board determines the membership of the Board Committees. Persons who are not members of the Board may be included; however executives or executive Directors of the Corporation are excluded from Committee membership. The Chairman of the Board does not chair a Board Committee.

Membership is reviewed annually to consider the need for fresh perspectives while maintaining continuity and retention of knowledge and skills. Following a review during the year a number of changes were made to Committee chairmanship and Committee composition.

Directors who are not members of a particular Board Committee are permitted to attend meetings of that Committee.



Invitees to Board Committee meetings may include:

- a) executives of the Corporation as appropriate;
- b) other persons providing reports or information for the Committee.

General Duties and Responsibilities of all Board Committees

All Board Committees shall consider any matters relating to their objectives, and any matters referred by the Board.

The Board Committees 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.

The Committees shall review their performance annually with attention directed to how well the responsibilities contained in their relevant Charters have been met.

The individual Committee Charters shall be reviewed and updated annually subject to Board approval.

The activities and Charters of each Committee are outlined below.

The Audit Committee

At 30 June 2005 the members of the Audit Committee were:

- Mr Philip Small (Chairman);
- Mr Noel Davis;
- Ms Glenys Roper; and
- Prof. Bob Walker (ex officio member).

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 six times during 2004-05. The activities of the Committee included:

- approving the Audit Plan and overseeing 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 auditors;
- reviewing delegations to management;
- monitoring implementation of AEIFRS; and
- reviewing various aspects of Pillar's administration services including systems' access security.

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.

Specific Duties and Responsibilities

- 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 Corporation's 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 Human Resources & Remuneration Committee

At 30 June 2005 the members of the Human Resources & Remuneration Committee were:

- Ms Eve Crestani (Chairman);
- Ms Glenys Roper;
- Mr Darryl Snow; and
- Prof. Bob Walker (ex officio member).

The Committee met four times during 2004-05. In addition, discussions on matters before the Committee were considered in scheduled Board meetings. 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;
- The annual Training Plan;
- HR policies including the recruitment and selection policy; and
- The revised employee Code of Conduct.

Charter of the Human Resources & 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; and
- (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.



Specific Duties and Responsibilities

Pillar's Board will firstly ensure that the appointment and remuneration of the Chief Executive Officer 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 Marketing & Business Development Committee

At 30 June 2005 the members of the Marketing & Business Development Committee were:

- Ms Glenys Roper (Chairman);
- Ms Eve Crestani;
- Mr Noel Davis;
- Mr Darryl Snow; and
- Prof. Bob Walker (ex officio member).

The Committee met four times during 2004-05 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

Objectives

The Marketing & Business Development Committee will 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:

- a) the principles to be followed;
- b) the relative merits of pursuing different types of business;
- c) the requisites for successful marketing and bidding and any strengthening needed in those respects; and
- d) the appropriate indicators for assessing management performance.

The Superannuation Compliance Committee

At 30 June 2005 the members of the Superannuation Compliance Committee were:

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

The Committee met seven times during 2004-05 and its activities included:

- overseeing the ongoing enhancement of the Compliance Program and organisational arrangements for compliance;
- monitoring implementation of the Program;
- monitoring the upgrade of the Compliance Program to include the requirements of Pillar's Australian Financial Services Licence;
- monitoring actual compliance performance and
- review of the Committee's Charter.



Charter of the Superannuation Compliance Committee

Objectives

The primary objectives of the Superannuation Compliance 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.

Specific Duties and Responsibilities

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 1993 (Cth)*;
 - the *Financial Services Reform Act 2001 (Cth)*;
 - the *Superannuation (Resolution of Complaints) Act 1993 (Cth)*;
 - the *Corporations Act 2001 (Cth)*;
 - the *Family Law Act 1975 (Cth)*;
 - 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; and
 - procedures that the trustees of funds administered by the Corporation are obliged to follow.

The Information Technology Governance Committee

At 30 June 2005 the members of the Information Technology Governance Committee were:

- Mr Darryl Snow (Chairman);
- Ms Eve Crestani;
- Mr Noel Davis;
- Ms Glenys Roper;
- Mr Philip Small; and
- Prof. Bob Walker (ex officio member).

The Committee met five times during 2004-05 and its activities included:

- 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

- a) To seek to ensure that Pillar's investment in information technology is cost-effective and delivers value to stakeholders.
- b) To ensure that systems are in place and regularly updated to ensure security of the Corporation's systems and data bases.

Specific Duties and 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.

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 Organisational Chart of the Corporation (Pillar), 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 2004-05 are set out below.

Position	Occupant	Period
Chief Executive Officer	Mr Stan Droder Mr Peter Cormack	Until 16 July 2004 From 17 July 2004
General Manager, Information Technology & Business Systems	Ms Fiona Abercrombie	From 23 August 2004
General Manager, Operations	Mr Peter Cormack	Until 16 July 2004 Currently vacant
General Manager, Finance & Administration	Mr Eric Lo	Whole period
General Manager, Marketing & Business Development	Mr Mike Turner	Whole period
General 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 2004-05 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 organisational functioning, the Corporation has various specific purpose committees. As at 30 June 2005 these included:

- the Project Priority & Management Committee: comprised of all Executive Committee members with other managers co-opted as required, with the purpose of approving and monitoring on-going management of all major project work within Pillar;
- the Fraud & Corruption Prevention Committee: comprised of all Executive Committee members, with the purpose of monitoring incidents of suspected fraud or corruption or circumstances that may lead to fraudulent acts and to consider and implement strategies to decrease the likelihood of fraudulent practices;
- the Occupational Health & Safety Committee: composed mainly of non-managerial staff, with the purpose of monitoring Occupational Health & Safety issues.



Executive Remuneration

Executives with Remuneration Packages over \$198,151

During the year actual remuneration in excess of \$198,151 (equivalent to the minimum remuneration package for Senior Executive Service Level 5 executives) was paid or payable to the following three executives:

- **Mr Peter Cormack**, Chief Executive Officer,
- **Ms Fiona Abercrombie**, General Manager, Information Technology & Business Systems; and
- **Mr Eric Lo**, General Manager Finance & Administration.

Performance statements for the executives listed above are provided below as required by the *Annual Reports (Statutory Bodies) Regulation 2005 (NSW)*.

Performance Statements

Name:	Peter Cormack
Position:	Chief Executive Officer
Remuneration package paid or due and payable for year:	\$250,000
Performance pay:	\$25,000 paid during 2005-06 for contributing to improved organisation performance during the 2004-05 financial year
Period:	17 July 2004 – 30 June 2005
Performance Targets Achieved:	<p>Tasks set by the Board for the Chief Executive Officer and achieved successfully in 2004-05 included:</p> <ul style="list-style-type: none"> • Providing effective strategic leadership of the Corporation, particularly in regard to the winning of new business; • Continuing to meet client performance standards and ensuring harmonious commercial relationships with existing and new clients; • Meeting agreed financial targets; • Retaining existing clients whose administration contract came up for re-negotiation; • Strengthening and developing business improvement process to effect cost reduction; • Further development of staff through improved technical, managerial and skills training; • Ensuring that the Compliance Program, business processes and procedures meet the requirements of Pillar's Australian Financial Services Licence.



Performance Statements

Name:	Fiona Abercrombie
Position:	General Manager, Information Technology & Business Systems
Remuneration package paid or due and payable for year:	\$200,000
Performance pay:	\$10,000 paid during 2005-06 for contributing to improved organisation performance during the 2004-05 financial year.
Period:	23 August 2004 – 30 June 2005
Performance Targets Achieved:	<p>Tasks set by the CEO for the General Manager, Information Technology & Business Systems and achieved successfully in 2004-05 included:</p> <ul style="list-style-type: none"> • Managing Pillar's Information Technology (IT) and Business Systems; • Achieving IT budget and reducing costs by process improvement; • Continuing mitigation of supplier risk; • Finalising heads of agreement and service level contracts with major vendors; • Delivering required systems development for all trustee clients' funds; • Ensure cost effective growth plans are in place for all aspects of Pillar's IT capabilities to meet new business capacity requirements; • Achieving straight through processing to industry standards for all accumulation funds; • Completing the required work for the retention of any client whose administration contract came up for re-negotiation.



Performance Statements

Name:	Eric Lo
Position:	General Manager, Finance & Administration
Remuneration package paid or due and payable for year:	\$225,630
Performance pay:	\$10,000 paid during 2005-06 for contributing to improved organisation performance during the 2004-05 financial year
Period:	Full year
Performance Targets Achieved:	<p>Tasks set by the CEO for the General Manager, Finance & Administration and achieved successfully in 2004-05 included:</p> <ul style="list-style-type: none"> • Managing the accounting, taxation and finance functions for both Pillar and its clients; • Meeting all statutory and taxation reporting requirements; • Successfully implementing accounting data conversion transfer for new industry funds; • Completing the review and implementing required changes to the surcharge reporting process; • Implement product costing and profitability reporting by clients.

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 greater than the minimum remuneration package for Senior Executive Service Level 1 executives.

Date	Female	Male
30 June 2005	2	6
30 June 2004	2	10

Note: These figures include Information Technology managers.



Human Resources

Equal Employment Opportunity (EEO) Achievements

Pillar is an equal opportunity employer that has integrated Equal Employment Opportunity (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. Arrangements are now in place to encourage the recruitment of persons with disabilities; efforts continue to offer employment to persons of Aboriginal & Torres Strait Islander background.

Statistical Information for EEO Groups

Table A. Trends in the Representation of EEO Groups

EEO GROUP	% of Total Staff				
	Benchmark or Target	2002	2003	2004	2005
Women	50%	59%	60%	65%	64%
Aboriginal people and Torres Strait Islanders	2%	1%	1%	1%	1%
People whose first language was not English	20%	19%	18%	19%	19%
People with a disability	12%	3%	2%	3%	3%
People with a disability requiring work-related adjustment	7%	0%	0%	0%	0.2%

Table B. Trends in the Distribution of EEO Groups

EEO GROUP	Distribution Index				
	Benchmark or Target	2002	2003	2004	2005
Women	100	75	75	76	72
Aboriginal people and Torres Strait Islanders	100	n/c	n/c	n/c	n/c
People whose first language was not English	100	100	103	102	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 the administration of superannuation funds are reported in the Annual Reports of Pillar’s clients, in particular the Annual Reports of the FSS Trustee Corporation and the SAS Trustee Corporation.

There were no changes during 2004-05 to the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)* and although there were some changes to the *State Owned Corporations Act 1989 (NSW)* that took effect during the year, the changes were minor and had no relevance to Pillar.

Category of Complaint	Number of Complaints
Application of policy.....	25
Administrative issues.....	103
Investment.....	3
Insurance.....	4
Incorrect data from external provider.....	2
Total	137*
Number of public sector scheme members as at 30 June 2005	612,651

* This is an historically low figure and is almost half of the figure for the number of complaints in 2003-04 (238).

Consumer Response

Guarantee of Service

Service standards are specified within service provision contracts with Pillar’s clients.

Complaints

Pillar reports to its trustee clients each quarter on the complaints received from the members of the funds and schemes that it administers.

Public Sector Schemes

By arrangement with its public sector trustee clients, Pillar’s Annual Report includes statistics on complaints received for the NSW public sector schemes. There were 137 individual complaints about particular situations recorded for the year ended 30 June 2005 applicable to the public sector schemes that Pillar administers. A statistical breakdown by category is shown.

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

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

The dispute and appeal processes for the public sector schemes, which are formally exempt from compliance with the provisions of the *Superannuation Industry (Supervision) Act 1993 (Cth)* are administered by the trustees of the public sector schemes and are covered in their Annual Reports.

The Superannuation Complaints Tribunal (SCT) is the independent tribunal set up by the Commonwealth Government to deal with complaints made to all superannuation funds that are subject to the provisions of the *Superannuation Industry (Supervision) Act 1993 (Cth)*.



Access

The address and phone number of each of Pillar's principal offices are as follows:

Sydney Office

Level 18, 83 Clarence St
Sydney NSW 2000
Ph. (02) 9238 5555

Coniston Office

Pillar National Service Centre
5 Old Spring Hill Rd
Coniston NSW 2500
Ph. (02) 4253 1437

Business hours are 8.30 am to 5.30 pm.

Freedom of Information

Freedom of Information (FOI) Statement of Affairs

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

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

Pillar's structure, functions and statutory objectives are set out in Part A of this Annual Report. The financial summary is in the Audited Financial Statements, which is Part C of this Report.

FOI Procedures

Arrangements can be made to inspect or obtain copies of accessible documents by contacting the Freedom of Information Coordinator, telephone (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, 5 Old Springhill Road, Coniston, or at level 18, 83 Clarence Street, Sydney.

Charges for FOI Applications

Nature of Application	Application Fee*	Processing Charge*
Request for access to personal documents	\$30	First 20 hours free, then \$30 per hour
Request for access to non-personal documents	\$30	\$30 per hour
Application for review of decision	\$40	Nil
Request for amendment of records	Nil	Nil
Request for notation to be added to personal 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 made by STC under the *State Authorities Superannuation Act 1987 (NSW)*.
3. State Superannuation Scheme (SSS) Policy Register. This contains policies made by STC under the *Superannuation Act 1916 (NSW)*.
4. Police Superannuation Scheme (PSS) Policy Register. This contains policies made by STC under the *Police Regulation (Superannuation) Act 1906 (NSW)*.
5. State Authorities Non-contributory Superannuation Scheme (SANCS – Basic Benefit) Policy Register. This contains policies made by STC under the *State Authorities Non-contributory Superannuation Act 1987 (NSW)*.
6. First State Super (FSS) Policy Register. This contains policies made by FTC under the *First State Superannuation Act 1992 (NSW)* and the First State Superannuation Scheme Trust Deed and Rules.

FOI Statistics 1 July 2004 to 30 June 2005

Required Information for 2004-05 (based on Appendix B of the FOI Procedure Manual published by the Premier’s Department).

The relevant statistics for 2003-04 are set out for comparative purposes

Section A Number of new FOI requests – Information relating to number of new requests received, those processed and those completed from the previous period

Freedom of Information (FOI) Requests	Personal 2004-05	Other 2004-05	Total 2004-05	Total 2003-04
A1 New (including transferred in)	574	2	576	514
A2 Brought Forward	18	0	18	22
A3 Total to be processed	592	2	594	536
A4 Completed	562	2	564	516
A5 Transferred out	0	0	0	0
A6 Withdrawn	4	0	4	2
A7 Total Processed	566	2	568	518
A8 Unfinished (Carried forward)	26	0	26	18



Section B What happened to completed requests

Result of FOI Request	Personal 2004-05	Other 2004-05	Total 2003-04
B1 Granted in full	231	1	196
B2 Granted in part	255	0	275
B3 Refused	18	1	0
No documents held	58	0	45
B4 Deferred	0	0	0
B5 Completed	562	2	516

Section C Ministerial Certificates - number issued during period

	Total 2004-05	Total 2003-04
C1 Ministerial Certificates issued	0	0

Section D Formal Consultations - number of requests requiring consultations (issued) and total number of formal consultation(s) for the period

	Issued	Total 2004-05	Total 2003-04
D1 Number of requests requiring formal consultation(s)	12	12	5

Section E Amendment of personal records - number of requests for amendment processed during the period

Result of Amendment Request	Total 2004-05	Total 2003-04
E1 Result of amendment - agreed	0	0
E2 Result of amendment - refused	4	0
E3 Total	4	0

Section F Notation of personal records - number of requests for notation processed during the period

	Total 2004-05	Total 2003-04
F3 Number of requests for notation	1	0



Section G FOI requests granted in part or refused – Basis of disallowing access – number of times each reason cited in relation to completed requests which were granted in part or refused

Basis of disallowing or restricting access	Personal 2004-05	Other 2004-05	Total 2003-04
G1 Section 19 {application incomplete, wrongly directed}	14	0	0
G2 Section 22 {deposit not paid}	0	0	0
G3 Section 25(1)(a1) {diversion of resources}	0	0	0
G4 Section 25(1)(a) {Exempt}	251	1	274
G5 Section 25(1)(b),(c),(d) {Otherwise available}	0	0	0
G6 Section 28(1)(b) {documents not held}	58	0	0
G7 Section 24(2) {deemed refused, over 21 days}	0	0	0
G8 Section 31(4) {released to Medical Practitioner}	6	0	9
G9 Totals	329	1	283

Section H Costs and fees for requests processed during the period

	Assessed Costs 2004-05	FOI Fees Received 2004-05	FOI Fees Received 2003-04
H1 All completed requests	\$106,000	\$16,385	\$15,435

Section I Discount allowed – numbers of FOI requests processed during the period where discounts were allowed

Type of Discount allowed	Personal 2004-05	Other 2004-05	Total 2003-04
I1 Public Interest	0	2	0
I2 Financial hardship – Pensioner/Child	12	0	9
I3 Financial hardship – Non profit	0	0	0
I4 Totals	12	2	9
I5 Significant correction of personal records	0	0	0



Section J Days to process - Number of completed requests (A4) by calendar days (elapsed time) taken to process

Elapsed Time	Personal 2004-05	Other 2004-05	Total 2003-04
J1 0 - 21 days	326	2	352
J2 22 - 35 days	198	0	133
J3 Over 35 days	38	0	31
J4 Totals	562	2	516

Section K Processing time - number of completed requests (A4) by hours taken to process

Processing Hours	Personal 2004-05	Other 2004-05
K1 0 - 10 hours	539	2
K2 11 - 20 hours	23	0
K3 21 - 40 hours	0	0
K4 Over 40 hours	0	0
K5 Totals	562	2

Section L Review and Appeals - number finalised during the period

L1 Number of internal reviews finalised	3
L2 Number of Ombudsman reviews finalised	1
L3 Number of ADT appeals finalised	2

Details of Internal Review Results - in relation to internal reviews finalised during the period

Bases of Internal review	Personal 04-05		Other 04-05	
	Upheld*	Varied*	Upheld*	Varied*
Grounds on which Internal Review Requested				
L4 Access refused	0	0	0	0
L5 Deferred	0	0	0	0
L6 Exempt matter	3	0	0	0
L7 Unreasonable charges	0	0	0	0
L8 Charge unreasonably incurred	0	0	0	0
L9 Amendment refused	2	0	0	0
L10 Totals	5	0	0	0

Note: * relates to whether or not the original agency decision was upheld or varied by the internal review



Assessment of FOI Information

Information as required by clause 10(3) of the *Freedom of Information Regulation 2005 (NSW)*.

Comparison of information with the previous year:

The number of FOI requests processed increased from 518 in 2003-04 to 568 in 2004-05.

Impact assessment:

The FOI requirements have not unduly impacted upon the activities of Pillar during 2004-05.

Particular of major issues that have arisen in connection with Pillar's compliance with FOI requirements:

No major issues in connection with FOI compliance arose in 2004-05.

Particulars of circumstances and outcomes of any investigations under the *Freedom of Information Act 1989 (NSW)* by the NSW Ombudsman or any applications for review under the Act to the Administrative Disputes Tribunal (ADT):

Investigation by NSW Ombudsman:

On 16 July 2004 an inquiry by the NSW Ombudsman into a complaint by a superannuation scheme member about Pillar's decisions not to:

- (a) amend records; and
- (b) give access to certain documents;

was finalised. In accordance with the Ombudsman's suggestion Pillar released certain of the documents under inquiry. The Ombudsman found that there was no basis to take complaint (a) any further and

also decided to take no further action on complaint (b).

Applications for Review to ADT

On 14 September 2004 an application to the ADT for review of Pillar's decisions not to

- (a) amend records; and
- (b) give access to certain exempt documents;

was made by a scheme member. The application in respect of decision (a) was withdrawn for lack of jurisdiction since no internal review had first been sought. The application in respect of decision (b) was heard on the papers and Pillar's decision was upheld by the ADT on 10 January 2005.

On 3 February 2005 an application to the ADT for review of Pillar's decision not to amend records in respect of three documents was made by a scheme member. The ADT ordered amendment by way of notation on one document and the application in respect of the remaining aspects was dismissed.

Other Publications

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

Pillar 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

Pillar has a continuing commitment to the principles of multiculturalism as contained in the *Community Relations Commission and Principles of Multiculturalism Act 2000 (NSW)*.

The system of providing language services to fund members has continued to ensure that interpretation and translation services are available when required. The services of the Community Relations Commission are used when there is no one available from Pillar's multilingual staff who is able to speak the language of a particular fund member. Ethnic diversity is reflected within Pillar and is recognised in staff recruitment practices.

Electronic Service Delivery

Pillar 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

Pillar 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. Pillar now has action plans in place to enable it to actively seek to employ persons with disabilities.

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 funds and schemes administered by Pillar are the responsibility of its trustee clients. In relation to internal staff, Pillar's policies and practices are intended to ensure equitable and safe workplaces and equality of opportunity.

Occupational Health & Safety

An active Occupational Health & 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. 3 Workers' Compensation claims were submitted to Pillar's insurers during 2004-05 including one claim concerning an injury sustained when travelling to or from work.



Code of Conduct

Pillar has a detailed Employee Code of Conduct. In addition, all staff are required to sign an Employee's Covenant annually. This Covenant covers compliance with all Pillar's policies, rules and procedures, including the following:

- Code of Conduct;
- Conflicts of Interest policy;
- Fraud and Corruption Prevention policy;
- Harassment policy;
- Occupational Health & Safety responsibilities;
- Privacy policy;
- Protected Disclosures policy; and
- Other policies and guidelines covering building security procedures, electronic messaging and media guidelines for staff, virus protection and workstation access security.

Waste Reduction & Purchasing Plan

Pillar 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 Pillar 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 Pillar, 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 in 2004-05

There were no major works undertaken during the year.

Expenditure on Consultants during 2004-05

Two firms provided services to Pillar in 2004-05 which were substantially consulting services. Details are set out below:

Adaptra	Project Management Services	\$79,312.00
Classic Blue	Information Technology Consulting	\$50,890.00

New Contracts in Excess of \$100,000

It is Pillar's policy to publish the names of firms who win contracts exceeding \$100,000 during the reporting period. In 2004-05 the following contract of over \$100,000 was entered into:

Pillar leased the premises at Level 18, 83 Clarence St, Sydney from SAS Trustee Corporation. The lease was for a period of 3 years (30 June 2005 to 30 June 2008). The total value of the lease was \$1,148,779.00.

Ongoing Business Relationships

Excluding Pillar's trustee clients, Pillar has ongoing business relationships with the following firms/organisations:

Adaptra, Allens Arthur Robinson, Ambit IT&T, Assett Copiers, Australia Post, Beaton Park Leisure Centre, Bircham Global, Butler HR, Capital Finance Australia, Centaur Services Australia, Classic Blue, Coefficiency, Coastline Printing, Corporate Software, Cost Effectiveness Measurement Inc, Deloitte

Touche Tohmatsu, Dialog Information Technology, Dimension Data, Ernst & Young, Financial Synergy, Focus Capital Group, Hewlett Packard, Honeywell, IBM, IBM Global, Kent Douglas & Associates, Kodak, Learning Solutions International, Link Printing, Mantrack Systems, Nova IT, NTT, NSW Crown Solicitor's Office, OCE Australia, Online Advertising, Oztech Security, Permail, Porter Allen, Pricewaterhouse Coopers, Professional Advantage, QC Cleaning, QM Technologies, Red Flame Design, Recall, SAI Global, SMART, Synchronised Software, Tactics Consulting, Talent International, Tardis Services, Telstra, 3D Networks, Tower Software, Tower Technology, TRT, Unisys, ZooTech Systems.

Grants to Non-Government Organisations

No grants to non-government organisations were made during 2004-05.

Overseas Visits

There were no overseas visits by representatives of Pillar in 2004-05.

Payment Performance Indicators

Accounts paid on time within each quarter during 2004-05:

Quarter	Total Accounts Paid On Time			
	Target %	Actual %	Target \$	Actual \$
September 2004	100	100	5,679,159.00	5,679,159.00
December 2004	100	100	5,234,177.00	5,234,177.00
March 2005	100	100	4,800,460.00	4,800,460.00
June 2005	100	100	4,352,858.00	4,352,858.00
Total			20,066,654.00	20,066,654.00



Risk Management and Insurance

The risks facing Pillar 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 (NSW)*.

There are a variety of risks inherent in the operations undertaken by Pillar. 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, motor vehicle, workers' compensation and miscellaneous matters.

Pillar 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 Fund for 2004-05 amounted to \$521,114 (GST incl.)

Report Production Details

The external costs of this Annual Report are estimated to be no greater than \$5,000, with 150 copies of the Report being printed.

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

