

Annual Report 2012/2013



pillar administration

Superannuation Administration Corporation trading as Pillar Administration

A message from our Chairman	A2
A message from our Chief Executive Officer	A4
About us	A6
Our strategy	A10
Our activities	A12
Our performance	A13
Information technology	A15
Our people	A16
Quality and risk management.....	A22
Pillar in the community.....	A23
Pillar in the superannuation industry	A26
Our awards.....	A27
Environmental sustainability	A28

Corporate governance	B2
The Board	B3
Management.....	B7
Access to government information held by Pillar ..	B11
Member response	B13
Disclosure and privacy	B14
Other corporate information.....	B16

Independent Auditor's Report.....	C2
Directors' Declaration for the Year ended 30 June 2013	C4
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2013.....	C5
Statement of Financial Position as at 30 June 2013	C6
Statement of Changes in Equity for the year ended 30 June 2013	C7
Statement of Cash Flows for the year ended 30 June 2013	C8
Notes to the Financial Statements for the year ended 30 June 2013	C9

Appendix 1 – Statistics about GIPA access applications	D2
Appendix 2 – Exemptions from reporting requirements.....	D5

Index of legislative compliance

31 October 2013

The Hon. Andrew Constance
Minister for Finance and Services
Level 36, Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Dear Minister,

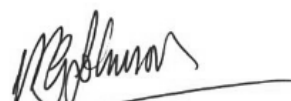
This is the 14th Annual Report of the Superannuation Administration Corporation, trading as Pillar Administration. We have pleasure in submitting this Annual Report to you for presentation to Parliament.

The report has been prepared in accordance with the provisions of the Annual Reports (*Statutory Bodies*) Act 1984 (NSW), the *Public Finance and Audit Act 1983* (NSW) and relevant Government policies.

Pillar's primary business of superannuation administration was profitably conducted within a competitive environment in the 2012/13 year.

The financial statements for 2012/13, which form part of the Annual Report, have been submitted to and certified by the Auditor-General of NSW.

Yours sincerely,



Mr Nicholas Johnson
Chairman



Mr Peter Brook
Managing Director &
Chief Executive Officer

Part A

OUR BUSINESS

A message from our Chairman	A2
A message from our Chief Executive Officer	A4
About us	A6
Our strategy	A10
Our activities	A12
Our performance	A13
Information technology	A15
Our people	A16
Quality and risk management.....	A22
Pillar in the community.....	A23
Pillar in the superannuation industry	A26
Our awards.....	A27
Environmental sustainability	A28



A message from our Chairman

The superannuation administration industry has been experiencing a period of intense change. The rate of change is significantly higher than has occurred in past years and has brought associated complex organisational and operational challenges to Pillar and other administrative service providers.

The causes of these changes include a range of new Federal Government initiatives intended to improve the transparency and efficiency across the superannuation industry; an understandably rising demand from superannuation fund members for improved services and information to be delivered at the lowest possible cost; and an accelerating trend towards consolidation within the superannuation fund management business which typically has resulted in consequential changes in the administrative arrangements of merged funds.

The consequence for Pillar has been that over the past several years the organisation has had to transform itself from being essentially a transaction processing operation following well established, often manual, procedures to becoming a much more flexible, fast moving, organisation.

The new Pillar has to respond rapidly to a constant stream of requests from its clients for different ways of doing business, in looking for every opportunity to lower costs and improve efficiency, and in complying with the many new requirements for regulatory reporting. While these immediate operational changes are themselves substantial, Pillar management is also engaged in a constant dialogue with its superannuation trustee clients to understand where their funds are moving in the medium term and what expectations the trustees will have from their administration suppliers over that timeframe.

Succeeding in such circumstances requires substantial investment in new IT systems to reduce administration unit costs, to allow faster process changes to be implemented and to enhance the member experience in understanding and managing their superannuation assets. It will be necessary for Pillar to undertake significant new investment in its IT systems and facilities over the next three years to retain its competitive position in the industry.

Pillar did not respond well to this changing business climate in 2011/12 and in that year recorded a significant loss of \$3.5 million (before tax). The causes of the loss were addressed in last year's report, but were primarily a result of IT projects linked to various operational changes that were not implemented within the cost and timeframes originally envisaged.

I give this overview as context for assessing the performance of Pillar in 2012/13. It was no surprise to observe that the 2012/13 business climate was essentially a continuation of 2011/12, with the same challenges on management and employees to respond efficiently to the continuing changing landscape with all the same risks of underperformance.

With this background as perspective, it is encouraging to report that the focus and effort from the whole Pillar team resulted in a substantial improvement in our financial results to the extent that in 2012/13 Pillar achieved a profit of \$1.6 million, a before tax improvement of over \$5 million from the previous year.

The year in review – challenges and highlights

220,000 new members - The work on the transition of the administration of the former Health Super members of First State Super to Pillar's administration was successfully completed during 2012/13. The acquisition of these new members helped to maintain the overall number of members that Pillar administers.

Melbourne office - As part of the Health Super transition, Pillar established a Melbourne office to deliver Contact Centre services to First State Super members. This is a significant change for Pillar, and it has brought additional complexity to managing our previously NSW based operations.

Superannuation Legislation changes – a major challenge for the year has been the substantial 'Stronger Super' reform program which required implementation from 1 July 2013 onwards. A substantial amount of work was required during the 2012/13 year in preparation for the implementation of the changes, which have been carried out successfully so far.

Board and executive changes

On behalf of the Board, I would like to express my sincerest appreciation to my predecessor Dr Col Gellatly, who resigned from his position as Chairman effective 28 March 2013 after five years of dedicated service.

In December 2012 our Chief Executive Officer, Peter Beck, resigned. An Acting CEO, Peter Cormack, was appointed while the Board undertook a search for a permanent CEO. Mr Cormack resigned effective 26 April 2013.

On 30 May 2013 Peter Brook joined Pillar as our Managing Director & Chief Executive Officer. Peter brings with him a wealth of experience in the financial services industry and I am confident that he has the drive and strategic vision to lead Pillar during this period of change and competitive challenges.

I would also like to acknowledge the hard work and dedication of all our employees over this challenging year. The future success of Pillar can only be achieved with the active engagement of our whole team and on behalf of the Board, I would like to thank them for their efforts during 2012/13 and their continued commitment in this period of industry change and transformation.



Nicholas Johnson
Chairman



A message from our Chief Executive Officer

I started my role as Managing Director and Chief Executive Officer towards the very end of the 2012/13 financial year. My observations are that the 2012/13 year was one of many changes for both Pillar and the superannuation industry. During the year, we took over the administration of more than 220,000 former Health Super members who joined First State Super. Whilst this client growth offset the loss of administered members when AGEST and NPT merged with other funds and AES went to tender and decided to move to another administrator, Pillar's ability to win new clients and retain

existing clients needs to be revitalised.

Pillar also recovered from its 2011/12 financial year loss, with a \$1.6 million profit achieved in 2012/13. This was achieved by some single-minded application and the hard work of all our skilled employees. However the extreme efforts to return to profitability have left the organisation challenged in taking on and completing both the client-directed portfolio of work and that required by the legislative changes to superannuation. Nevertheless I strongly believe Pillar is in a good position to respond to the raft of reforms currently impacting upon our industry.

Notwithstanding these challenges, I am thrilled to be taking up my new role to lead Pillar and am excited by both the market and operational opportunities in front of the business. I believe Pillar has a very talented and committed team that can deliver on those opportunities for the benefit of Pillar, our clients and their members.

Legislative changes to superannuation

The Federal Government's Stronger Super reforms have started to come into effect. These reforms aim to make our superannuation system more efficient and accountable.

The progressive introduction of legislation to implement the Stronger Super reforms, coupled with fixed timelines for implementation, has been a challenge for the industry. Anecdotal evidence suggests that the cost of reforms has substantially exceeded initial industry estimates as the extent of change has become known and technology is developed in parallel to accommodate the requirements. These costs, the new reporting obligations and the strong inference that satisfying member best interest obligations will mean scale, have and will continue to add momentum to the industry consolidation currently taking place. At this time, Pillar does not consider any of its client funds to be a likely target of acquisition

The MySuper and SuperStream reforms will have a significant impact on Pillar's operations. Most of our clients have decided to offer a MySuper product and Pillar has worked with them to implement product changes which meet the MySuper requirements.

Pillar will in particular be affected and is excited by the SuperStream measures which aim to increase the automation and efficiency of transactions. In this regard, we have been active participants with the industry and the ATO about the implementation of these changes.

Forward planning

My executive team and I have considered Pillar's direction and opportunities and have formulated a new and targeted strategic plan. Due to the timing of my appointment the plan was only signed off by the Board in early September. Nevertheless I am pleased to say that all of the executive team and the Pillar community are well advanced on the near term scheduled deliverables. This includes the major recasting of our organisation structure and the formulation of a Pillar capital management plan. This plan identifies the physical and logical efficiency opportunities and targets, assesses the likely costs and formulates the funding strategy. This capital management plan will be submitted to our shareholders before the end of October.

The year ahead

On 10th October 2013, the New South Wales Government announced a scoping study to investigate the future options for Pillar, including its potential sale. In making the announcement the Treasurer, Mr Baird, indicated that "the NSW Government is examining the best way to protect jobs and secure Pillar's long-term future in the Illawarra, in an increasingly competitive environment". Pillar will work with the appointed financial advisors to facilitate the Treasurer's objectives and to ensure that all options that meet the needs of our employees, our clients and their members are considered. I understand that the scoping study will be delivered by the end of this calendar year and hence I do not expect any decisions about a potential sale to be made until the first quarter of 2014.

2013 has been a difficult and challenging year for Pillar and its staff which saw numerous changes in leadership and management and these have created a level of uncertainty for our employees. However, Pillar remains focused on delivering value for our clients and working with them to provide value to their members. The 2013/14 year is already seeing the positive impact of our revised strategy and direction which I expect will continue as we maintain our focus on our people, systems and processes to deliver the outcomes expected by our clients and for the development of Pillar.

I would like to express my sincere appreciation and thanks to our staff for the manner in which they have welcomed me and responded to the significant changes that are being rolled out across the organisation. It is their hard work and commitment during the past year and going forward that enables Pillar to confidently pursue its opportunities.



Peter Brook
Managing Director & Chief Executive Officer

About us

About Pillar

The Superannuation Administration Corporation, trading as Pillar Administration ("Pillar"), is a leading administrator of medium to large sized superannuation funds. We provide superannuation administration and related services to both the public and private sectors. We are dedicated to providing high quality, responsive superannuation administration services to fund trustees, members, employers and advisers.

Pillar has a long history of administering superannuation funds, beginning with schemes for NSW State Government employees in 1912. We currently administer over 1.1 million superannuation member and retiree accounts across 11 funds whose assets total around \$87 billion.

Our charter

Pillar is a New South Wales statutory state owned corporation established by the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)*.

The statutory objectives under the *State Owned Corporations Act 1989 (NSW)* for each such corporation are:

- to be a successful business;
- to exhibit a sense of social responsibility by having regard to the interests of the community in which it operates;
- where its activities affect the environment, to conduct its operations in compliance with principles of ecologically sustainable development; and
- to exhibit a sense of responsibility towards regional development and decentralisation in the way in which it operates.

The principal functions of Pillar Administration under the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)* are the development, promotion and conduct of its business of providing superannuation scheme administration and related services. Pillar currently provides such services to the trustees of superannuation funds.

Our services

Pillar provides the following services.

Administration

New member services, member records management, pension management, contributions management, benefit payments, insurance management, ERF process management, member protection processing, regulatory reporting, fee calculation and collection, mail processing, investment option administration, document imaging and storing.

Investment & Financial Accounting

Bank account management, maintenance of accounting records, preparation of fund & trustee accounts, preparation of surveys & statutory returns, maintenance of member & reserve accounts, administer internal audits.

Compliance

Reporting, implementing legislative & policy change, privacy matters, AML & CTF, OFAC reporting, breaches, complaints, risk management, BCP.

Information Technology

End user services, data services, business systems, security management, disaster recovery planning, communication & telephony, e-commerce, support, consultancy, infrastructure, member, employer, trustee & adviser website services, project management.

Employer Services

New employer administration, welcome pack, employer contacts, employer help line, employer guide.

Adviser Services

New adviser administration, welcome pack, adviser contacts, adviser help line, adviser remuneration.

Member Services

Phone, email, & counter services, response to enquiries & complaints, member annual, half yearly & ad hoc mailouts, forms & standard letters, annual report, fund booklets & brochures, trustee office support.

AFSL

Pillar has an Australian Financial Services Licence (AFS Licence No. 245591) and is licensed to provide financial product advice to members of the superannuation funds under its administration, and to deal in superannuation products.

OUR BUSINESS

Our clients

At 30 June 2013, our clients were:

- First State Super Trustee Corporation (the trustee of FSS);
- SAS Trustee Corporation (the trustee of the STC Pooled Fund schemes);
- ComSuper (the administrator of the Public Sector Superannuation accumulation plan (PSSap) and Commonwealth Superannuation Corporation (the trustee of PSSap and the CSCri product);
- Aon Hewitt (Aon Master Trust and Aon ERF);
- Trust Company (Superannuation) Ltd (the trustee of Virgin Super);
- The Trustees of the Parliamentary Contributory Superannuation Fund (PCSF).

Our offices

Our offices are located at:

- 5 & 9 Old Springhill Road, Coniston.
- 5 Bridge Street, Coniston.
- 83 Clarence Street, Sydney.
- 15 William Street, Melbourne.

Contact us

Sydney Office

Level 18
83 Clarence St
Sydney NSW 2000

(02) 9238 5555
(between 8:30am – 5:00pm)

Coniston Office

Pillar National Service Centre
5 Old Springhill Rd
Coniston NSW 2500

(02) 4298 6437
(between 8:30am – 5:00pm)

Our vision, mission and values

Our vision: To secure our future.

Our mission: To become the preferred supplier of Business Process Outsourcing (BPO) services.

Our values

To fulfill our commitment to our clients and their members, we have 7 corporate values which all employees adhere to. These values are important to us as they create the cultural context in which we work, define how we interact daily with one another, and the attitudes we adopt towards our clients and their members.

Our values are:

- 1.** Accountability.
- 2.** Collaboration.
- 3.** Excellence.
- 4.** Innovation.
- 5.** Integrity.
- 6.** Recognition.
- 7.** Respect.



Pillar's vision and mission will be reviewed in 2013-14.

OUR BUSINESS

Our strategy

Our strategic plan

Pillar's strategic plan was developed in 2011, for the 3 year period 2011-2014. In order to achieve our vision and mission, 3 clear objectives were identified:

Our customer – *client focus secures our future*;

Our people – *our people are engaged*; and

Our process – *continuous improvement*.



Our strategy

We believe our competitive advantage within the superannuation administration industry is that we are an operationally efficient organisation. We pride ourselves on the quality of our people who are determined to achieve our vision and mission and are dedicated to upholding our values.



We are currently in the process of reviewing and renewing our strategy.

Superannuation – an industry of change

Stronger Super

The Federal Government's 'Stronger Super' reforms have started to come into effect. These reforms aim to make our superannuation system stronger, more efficient, and help to maximise retirement income for members.



Legislation to implement the Stronger Super reforms has been progressively introduced during the last 18 months. In order to implement these legislative changes, Pillar has established a dedicated Stronger Super team. This team works closely with our clients, vendors, industry and Government stakeholders to continue to implement the remainder of these reforms.

It has been challenging to source a sufficient number of technical resources to implement Stronger Super as this is an industry wide change.

SuperStream

The MySuper and SuperStream reforms have a significant impact on Pillar's operations. Most of our clients have decided to offer a MySuper product and Pillar will continue to work with them to implement product changes that meet the MySuper requirements.

Being an administrator, Pillar will in particular be affected by the SuperStream measures that relate to improving the efficiency of superannuation transactions such as contributions and the rolling over of benefits and in this regard, we have been involved in discussions and consultation with the industry and the ATO about the implementation of the changes.

Pillar has also carried out a significant amount of work to implement or prepare to implement other legislative changes, some of which took effect from 1 July 2013. Examples of these are changes to the format of rollover benefit statements, the abolition of member benefit protection, Trans-Tasman portability, and the additional 15% contributions tax for people earning over \$300,000.

Our activities

Our business areas

Pillar's structure is designed to provide for collaboration across the various functional areas of the business and is aligned to our strategic goals, in particular engaging with our business partners to develop and grow our businesses, developing value generating products and services, and improving process effectiveness.

Pillar's management structure consists of the following groups.

Administration - responsible for money in and money out processes, which includes all documentation/money that comes into the business and all payments. This includes member moneys, employer moneys and maintenance of members' accounts, benefit payments, claims and pensions.

Client Services - responsible for the management of relationships between Pillar, our clients and their key stakeholders. This includes the monitoring and management of the client administration agreements, contracted service standards, fund communications and the management of all member, employer and advisor interactions.

Business Strategy - responsible for new business proposals, new products/services proposals, portfolio management, change governance and industry research.

Finance - responsible for financial strategy, pro-active management control and budgeting, and financial reporting. Finance is also responsible for corporate services, including property.

Information Technology - responsible for ensuring that all Pillar systems are available to allow departments to meet their SLA's. IT also includes the PMO, which is responsible for management and delivery of Pillar and client projects and initiatives.

Human Resources - responsible for developing and implementing strategies and policies for the management of Pillar's employees, including advisory, learning and development, health and safety and payroll. Human Resources is also responsible for corporate communications.

Corporate & Quality - responsible for risk management, company secretariat, audit, compliance and quality assurance and legal. The team works to enhance the quality of our work, services and outputs, and in turn reduce errors and rework.

Pillar will be reviewing its corporate structure during 2013-14.

Administration services

The principal function of Pillar is the provision of superannuation scheme administration and related services. In essence, this involves such tasks as:

- collecting and processing contributions;
- processing benefit payments;
- answering telephone and mail enquiries;
- issuing member statements and mail outs; and
- client reporting.

In 2012/13, Pillar commenced administering approx. 220,000 former Health Super members who joined First State Super when the funds merged. We also started administering new members of the CSC Retirement Income product, which was launched in April 2013 and members of Commonwealth defined benefit schemes who joined PSSap as "ancillary members" making salary sacrifice contributions.

Our staff:

- * Serviced over **1.1 million** member accounts
- * Transacted with around **85,000** employers
- * Answered around **710,000** inbound calls
- * Made around **28,000** outbound calls
- * Replied to **111,000** pieces of written correspondence
- * Conducted around **5,250** member interviews
- * Produced around **842,000** annual member statements
- * Produced over **754,000** half yearly member statements
- * Produced around **414,000** ad hoc statements

Our performance

Delivering on target

Set out below are Pillar's strategic goals and how we performed in relation to them in 2012/13.

Customer – client focus			
Strategic Goal	Measure	Target	Results
Meet all contracted standards and achieve customer satisfaction.	External SLAs	96%	94.5%
	Internal SLAs	98%	98%
	Member balances	\$60 billion	\$87 billion
	Member numbers	1.7 million	1.1 million
Engage with our business partners to secure, develop and grow their business.	Client revenue	\$79.9 million	\$86.1million
	Revenue from client projects (of total revenue)	16%	12%
	Trustee satisfaction (net promoter score)	7/10	6.8/10

Processes - Continuous improvement and productivity			
Strategic Goal	Measure	Target	Results
Consistent process effectiveness.	Breaches rate – members affected	5.5%	3.4%
	Complaints – members affected	0.01%	0.02%
Integrated, robust, reliable, secure, scalable technology.	Systems availability	99.99%	99.96%
	Cost/mbr/year	\$55.42	\$59.79
Improve project quality.	Projects on time and on budget	75%	87.5%
	Project benefit realisation	\$500,000	\$500,000
	PMO capability maturity	4/5	3.4/5

OUR BUSINESS

People – our people are engaged			
Strategic Goal	Measure	Target	Results
Our people are capable and contributing to a high performance organisation.	Engagement score	4/5	3/5
Efficient workforce planning aligned with changing business needs.	Productivity (%)	68.8%	74.3%
Getting the basics right: systems, processes and people.	Attrition	<10%	13.9%
	Annual leave	Balance < 17 days/ FTE	16 days /FTE
Improve people quality.	Quality score	97.5%	99%
	Training hours	15 hrs/ FTE	36 hrs/FTE

Information technology

IT Strategic Plan

A new IT Strategic Plan has been developed for the period 2012-14. This plan is now driving significant change within Pillar, which benefits not just Pillar but our clients. Components which the Plan addresses include:

- reducing core administration platforms;
- enterprise system integration;
- capacity and performance enhancement;
- focusing on a data quality centre of excellence;
- resource and structure alignment;
- business devices improvements;
- automated testing;
- strengthened IT governance;
- improved communications; and
- increasing change capacity through partners.

The IT Strategic Plan aims to simplify, modernise and extend our IT platform with the objective of becoming more efficient both operationally and for systems development, to add additional services and be more scalable, stable and secure, with reduced risk.

Continuous improvement

To gain maximum efficiencies, Pillar has focused on ensuring that the processes, procedures and systems we utilise to conduct our business are continually reviewed. As such, our Continuous Improvement team has led the way to improve efficiencies for Pillar.

The Continuous Improvement team delivered a number of initiatives, resulting in enhanced processes in administration and more efficient outcomes for our clients. In other areas, we managed to reduce activity times through automation of tasks and process improvement.

Pillar continues to use a work management system to measure business performance in: administration, Contact Centre, Document Management Unit and benefit accounting. The work management system enables managers to forecast and manage resources to match work volumes and helps Pillar to attain service level objectives through forecasting peaks and troughs in activity.

OUR BUSINESS

Our people

Pillar employs around 700 employees, a majority of whom are located in 3 adjoining buildings in the Illawarra (Coniston). Pillar is proud to be a major employer in the Illawarra region and actively participates in the community life of the area.

Our strategy is to invest in our employees, with an aim to achieve an engaged, diverse, and capable workforce. We want our employees to be actively involved in the workplace and in this regard, a variety of initiatives were introduced or continued from previous years to help us achieve this aim.

As an organisation, we are committed to diversity and sustainability which not only benefits our community, but also our business.

Equal employment opportunity

Pillar is an equal opportunity employer that has integrated Equal Employment Opportunity (EEO) practices into all areas of the workplace. This creates an environment where employees 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.

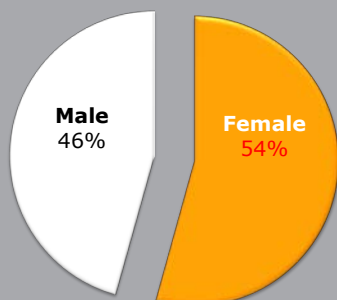
Pillar's EEO strategy includes continued encouragement for persons with disabilities and persons of Aboriginal & Torres Strait Islander background to apply for positions.



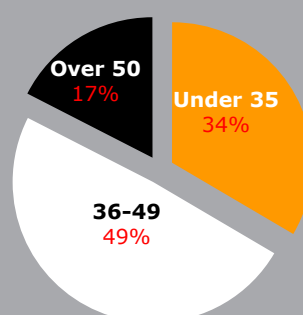
Pillar has one of the most culturally diverse workforces in the Illawarra

Over **70%** of our employees are women

Management roles



Age of employees



Indigenous Australians **0.4%**
People with a disability **2.2%**

Multiculturalism

The Illawarra is recognised as a culturally diverse region, which is comprised of residents from a wide range of multicultural backgrounds. Our workforce reflects the community of the Illawarra region.

Pillar is committed to the Principles of Multiculturalism, as set out in section 3 of the *Community Relations Commission and Principles of Multiculturalism Act 2000 (NSW)*.

Pillar has an action plan for the continued implementation of its Multicultural Policies and Services Program. The action plan contains a number of on-going strategic initiatives, including:

- a strong commitment by the CEO and the Executive Committee to the Principles of Multiculturalism;
- promoting an understanding of multiculturalism within Pillar;
- offering flexible working hours, subject to business needs being met;
- ensuring access to information services; and
- ensuring equality of opportunity based on merit within Pillar.

For the 2012/13 year, Pillar met its performance indicators in relation to the above-mentioned initiatives, and aims to continue these initiatives in 2013/14 and in future years. Some of the ways which the initiatives have been (and will continue to be) implemented are set out below.

Recruitment and selection process

Pillar's recruitment and selection processes are designed to strengthen our merit selection, and increase the skills of managers in making selection decisions.

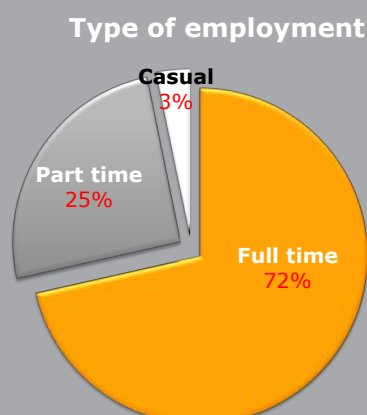
Flexibility

Pillar offers flexibility to our employees, many of whom, in particular parents of young or school age kids, take advantage of the flexibility in working hours that we offer. Last year, Pillar piloted a new Working from Home policy, which introduced an additional element of flexibility for our employees. We are continuing with this arrangement.

Flexible working arrangements

72% of our employees work full-time.

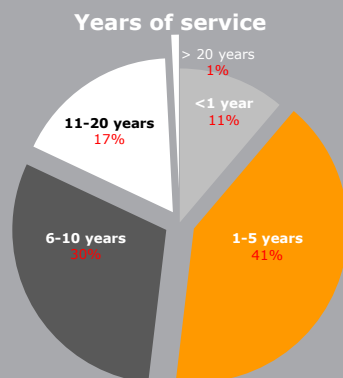
93% of part-time workers are women.



OUR BUSINESS

Experience and expertise

71% of our employees have been with Pillar for between 1-10 years, while 66% are aged 36 and over.



Employee turnover

Pillar has a low employee turnover rate of under 14%. This results in us retaining valuable Client Fund knowledge and reduced HR costs.

Diversity

Pillar strives to build a workforce that reflects the diversity of our society. A diverse workforce is one that recognises and embraces the diverse skills and perspectives that people bring to an organisation through their gender, origin, ethnicity, disability, age, and religious beliefs. By valuing different people and different approaches, we are more innovative and ultimately able to deliver better services.

We have a very culturally and linguistically diverse workforce and direct, measurable benefits arise from the substantial number of multi-lingual employees who are able to assist in member services by performing interpreter functions and who also are sensitive to cultural issues of fund members from different backgrounds.

Pillar has a Diversity Policy in place, which will help to encourage increased diversity within our organisation now and in the future.

Respect for the rights of disabled people

Pillar is committed to treating all employees fairly and with respect. Integral to this is Pillar's respect for the rights of disabled people and appreciation of their needs, particularly in accessing the services that Pillar provides and in pursuing employment and career advancement opportunities within Pillar.

We believe that any employees, or superannuation fund members with a disability should have the same access as other people to our services. Pillar provides flexible communication options to cater for employees and fund members with specific needs. When providing customer service, any special needs of fund members are met on a case by case basis.

Pillar has a Disability Action Plan in place, which includes reviewing and where applicable improving arrangements for superannuation fund members and Pillar employees to access Pillar's services.

Statistics for EEO groups

Table A.**Trends in the representation of EEO groups**

EEO group	% of total staff			
	Benchmark or target	2011	2012	2013
Women	50%	69.6%	67.7%	69.6%
Aboriginal people and Torres Strait Islanders	2.6%	0.3%	0.3%	0.3%
People whose first language was not English	19%	22.4%	24.1%	21.3%
People with a disability	n/a	2.8%	2.7%	2.5%
People with a disability requiring work-related adjustment	1.5%	0%	0%	0.0%

Table B.**Trends in the distribution of EEO groups**

EEO group	Distribution index			
	Benchmark or target	2011	2012	2013
Women	100	74	73	75
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a
People whose first language was not English	100	95	102	103
People with a disability	100	n/a	83	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	n/a

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.

2. The Distribution Index is not calculated where EEO group or non-EEO group numbers are less than 20.

OUR BUSINESS

Learning and development

Industry related training

Over one third of our employees now have an up to date and current industry-related certificate and the desire for this type of learning is continuing to grow. During the year, over 30 employees attained either a Certificate IV or Diploma in Superannuation and we expect similar numbers for next year.

We have improved our systems for tracking training, and now have the ability to track online how each employee is progressing, which is a great benefit to our employees and their managers.



Maintaining mandatory industry qualifications such as ASFA 146 (for approximately 250 employees), is now conducted quarterly via eLearning topics and assessed by a Registered Training Organisation (RTO). This again helps to give our clients, their members and our employees the assurance that we have the skills and knowledge to effectively work within the superannuation industry.

Supporting managers in leadership excellence (SMILE) training

In 2012, the Learning & Development (L&D) team launched our customised leadership program. The leadership program named SMILE (Supporting Managers in Leadership Excellence), focused on 3 core dimensions of leadership:

- organisational context and self-awareness;
- direction; and
- capacity to deliver.



Training was conducted over a 4 month period and consisted of 9 days of face to face training. Half of our management teams underwent SMILE training, which was very well received by all involved.

eLearning

Learning & Development also provided online leadership tools to support the SMILE leadership program via the online leadership library. Having access to key leadership topics such as effective coaching, managing change and the ability to lead effective teams has given our managers the ongoing support they need, so that they feel confident when applying their newly learnt skills.

Melbourne Contact Centre

Pillar has established a Contact Centre based in Melbourne's CBD. This involved phased recruitment drives to resource the centre as well as significant cultural and change management. The centre is now remotely serviced from a human resources and training perspective with 3 planned intakes each year.

Performance appraisal

Performance appraisals are an essential part of developing a high performing culture, and give all employees the opportunity to receive regular and ongoing feedback as well as identify opportunities for future development. This year was the first where Pillar conducted a comprehensive performance review process. All employees participated in a robust and structured annual review process.

Objective setting forms the basis of the annual performance review process. This year we provided managers with education on formal objective setting, focusing on the strategic alignment of objectives to our Corporate Strategy. This approach ensures that our employees are focused and working only on things that are contributing to our strategy and future. Employees are then reviewed against these objectives.

Health and wellbeing

Health and wellbeing of our employees

Pillar is dedicated to the health and wellbeing of all employees. By addressing issues such as the working environment, work-life balance, healthy living and good communication, we are able to improve the wellbeing of our employees. This in turn provides Pillar with a culture where individual skills are allowed to flourish, where efficiency, productivity and loyalty increase and absenteeism reduces.

Workplace health and safety

In order to identify and communicate workplace health and safety (previously referred to as OH&S) issues to management, an active Health and Safety Committee meets regularly within Pillar. Members of the Committee provide health and safety advice to employees, conduct regular workplace inspections and provide reports on any remedial action required.

Workers' Compensation

Pillar has made significant progress in relation to our Workers Compensation claims portfolio. We have achieved a 64% reduction in claims within the past 12 months, due to the proactive management of occupational overuse syndrome in the workplace through the provision of workstation assessments, ergonomic equipment and an exercise program.

During the 2012/13 year, 11 Workers' Compensation claims were submitted to Pillar's insurer and 13 other incidents were reported. The majority of work related injuries reported were attributed to poor ergonomic practices, which were promptly addressed through the provision of workstation assessments and ergonomic equipment.

Pillar was not subject to any prosecutions under the *Work Health and Safety Act 2011 (NSW)* in 2013.

Workplace wellness

As part of our Workplace Wellness Program (WWP), employees were offered the opportunity to undergo a free flu vaccination. We are pleased to report that over 200 employees across Sydney, Melbourne and Coniston participated in our flu vaccination program, which aims to reduce the incidence of unplanned leave due to illness.

In addition, Pillar offers all employees a free gym membership and a comprehensive Employee Assistance Program (EAP) which is designed to improve health, alertness and general wellbeing as well as supporting a more productive workforce.

Safety management system

Pillar is committed to ensuring the health, safety and wellbeing of all employees, contractors and visitors through the maintenance of an effective Safety Management System (SMS).

As part of our SMS, we developed an online Health and Safety Induction Program, which aims to provide all employees with an overview of our health and safety policy, procedures and practices at Pillar. Employees also gain an understanding of their safety responsibilities.

Healthy lifestyles week

During the year Pillar implemented a healthy lifestyles week, which aims to provide employees with the opportunity to participate in activities that promote active and healthy lifestyles, mental wellbeing and initiatives that promote safety.

Quality and risk management

ISO 9001 certification

Pillar has been quality certified under ISO 9001 since 1999 for the provision of superannuation administration services. Pillar is audited bi-annually by the certifying body SAI Global to ensure we are adhering to the international quality standard. Our most recent audit took place in April 2013 and the audit outcome was successful, resulting in Pillar retaining its certification.

People Quality Checking project (PQC)

Pillar has completed its PQC project, which commenced in 2010/11. The project's aim was to increase the level of employee knowledge and the quality of processes and outputs within Pillar. Specifically, it was designed to increase efficiency through the reduction of errors and re-work across key processes performed in operational business units. As part of this project, measurement of all errors and the time taken to fix them is now in place. There has been a significant reduction in errors in the teams that have been through the PQC project, with the error rate reducing on average from 4% to 1%.

Breaches

Pillar experiences a relatively low number of breaches of compliance requirements but we continuously look for ways to reduce this number. A dedicated team works at rectifying or monitoring the rectification of each breach, identifying the cause of the breach, and recommending improvements to minimise future occurrences.

Internal control and risk management

Pillar maintains an extensive internal control regime to minimise the risk of control failures and to identify those that occur. Pillar has an independent Audit and Risk Management Committee (ARMC) consisting of some of its Directors.

The ARMC provides oversight of risk management. The internal audit function, outsourced to Deloitte until June 2013 and now to KPMG, reports directly to the ARMC. The Corporate and Quality group, headed by the Company Secretary, is responsible for the management of the system of internal controls and risks. During the year an additional senior position, General Manager Risk, was created to allow more in depth focus on risk in response to APRA and client requirements.

The internal audit program includes an annual assurance audit on the effectiveness of controls over key areas of interest to clients. Guidance Statement 007 Audit Implications of the Use of Service Organisations for Investment Management Services (GS 007) applies to service auditors of those organisations who provide outsourced services to user entities. The most recent GS 007 audit was carried out by Deloitte from August 2012 for the 12 month period to 30 June 2013.

In addition to the GS 007, reviews of selected aspects of Pillar's activities (as determined by the ARMC) were undertaken. These include assurance mapping, annual member statements, Pillar's input to unit pricing processes, finance controls, and penetration testing of the Citrix platform.

Each year, Pillar's Quality team facilitates the review of all risk registers across Pillar through risk workshops. Managers are then invited to present their risk register to the ARMC and to provide an update on any action plans that had been implemented in the past year or are in progress.

Disaster recovery tests are conducted twice a year at an off-site location. During 2012/13, the recovery of the system was tested twice with operational staff attending one of the tests. Those held in the past year were successful.

Pillar maintains insurance cover through a contract of coverage with the NSW Treasury Managed Fund (TMF). The cover includes professional indemnity cover for all employees, property, motor vehicles, Workers' Compensation and miscellaneous matters. Insurance premiums paid to TMF during the year amounted to \$918,985 (including GST).

Pillar in the community

Pillar is proud to be a major employer in the Illawarra region, and actively participates in the community life of the area. Set out below are examples of how Pillar and its employees contribute to our local community.

The Kids' Cancer Project July 2012



An employee donation box for the Kids' Cancer Project was placed in the Pillar café in Coniston and in the Sydney office's kitchen by Greg McAlary from IT. This Australian charity is focused on finding cures for childhood cancers and believes that every child with cancer should have the opportunity to grow up and live their dreams. Employees donated over \$330 for this worthy cause.



L-R: Greg McAlary, Pip Aitken from The Kids' Cancer Project, Kay, Zoran and Sanja from the Pillar café.

Mission Australia recycling bin July 2012

Last year when Pillar employees heard on the local radio that the Mission Australia warehouse in Bellambi had suffered extensive fire damage, they sprang into action and arranged for the Mission Australia recycling bin to be located in the Pillar car park, where it remains since for employees to donate unwanted clothing.

These donations have assisted the underprivileged and homeless individuals and families in the Illawarra, particularly in the colder winter months.

Triathlon Pink October 2012

Triathlon Pink is an event where the total focus is on women. Its goals include challenge, participation and fun as well as raising funds for breast cancer research.

On 6 October, Annette Senior from Corporate & Quality donned her pink halo and wings for Triathlon Pink, then swam 300 metres, cycled 9 km and ran 3km to raise funds for the National Breast Cancer Foundation. Annette raised over \$1,990 for this very worthy cause.



Annette Senior (second from left) and her team mates

Sunsuper Ride to Conquer Cancer October 2012

Greg McAlary from IT entered the Ride to Conquer Cancer event, held between 20-21 October in Western Australia. The charity event attracted over 1,200 riders who raised \$4.6m for the Western Australian Institute of Medical Research in Perth.

Light & Hope Clubhouse December 2012

Four years ago Pillar stopped printing and posting paper Christmas cards and instead designed the Pillar Christmas e-card to send to clients and suppliers by email. The savings achieved from this initiative were donated to the Children's Ward at Wollongong Hospital in 2008, Para Meadows School in 2009, Aspect South Coast School in 2010 and Kidzwish Foundation in 2011.

Pillar continued with this community-centred and environmentally friendly practice in 2012 and this year chose to donate our savings of \$1,500 to the Light and Hope Clubhouse (Wollongong). This is an international movement designed to help the recovery of people who have a mental illness. The funds will be used to purchase equipment to assist in the skill enhancement and communication options of its members.

We believe this option best reflects Pillar's sustainability objectives and also reinforces our environmental and charitable credentials to our clients and suppliers.

Employees also raised funds for this charity by hosting a barbeque which raised over \$560.

Barnardos Star of Wonder Gift Appeal December 2012

Pillar employees continued their support for the Barnardos Gifts for Kids in 2012 by generously donating presents to kids who face extreme homelessness, poverty, disadvantage, neglect and abuse.

Coastrek February 2013

The Wild Women On Top Sydney Coastrek is a 50-100 kilometre team trek held along the stunning Sydney coastline, taking walkers past ocean and harbour beaches, headlands, cliff tops and bush tracks from Palm Beach to Coogee.

The aim of the event is to raise money for the great work performed by The Fred Hollows Foundation which provides eye surgery to underprivileged people around the world.

Pillar employees organised a group of trekkers called the 'Wollongong Wanderers' (comprised of Warren Hough, Melissa Miller, Karen Carr and Joash Belousoff) who participated in the 50km Day Event from Palm Beach to Balmoral. The team also organised a barbecue and mufti day and raised a total of \$2,680 for The Fred Hollows Foundation.

SuperReview Charity Golf Day March 2013

The SuperReview Charity Golf Day was held on 13 March at Roseville Golf Club to raise funds for Super Life which is a charity that raises money for breast cancer and prostate cancer.

Pillar fielded 2 teams for the event which attracted around 50 golfers from the superannuation industry.

University of Wollongong (UOW)

Pillar continues its relationship with the UOW through promotion and support of the university's graduate and internship programs. Pillar also supports the Lucy Mentoring Program run from the University of Sydney, the University of Western Sydney and the University of Wollongong.

Employee donations

During the year, our employees donated to a variety of charities through participation in various activities including raffles, barbeques and mufti days. We kindly thank employees for their generosity and enthusiastic participation in community life, whose contributions were over \$6,400.

Funds were also raised for the following charities during the year:

- **Multiple Sclerosis Australia (MSA)** - *the peak body that represents Australians affected by multiple sclerosis;*
- **Jeans 4 Genes Day** - *a day when people wear their jeans to raise much-needed funds for research into birth defects and diseases such as cancer, epilepsy, and a range of genetic disorders;*
- **Light & Hope Clubhouse** - *designed to help the recovery journey of people who have a mental illness;*
- **Wollongong Women's refuge** - *a non-profit community based organisation, that provides accommodation, support and advocacy in a safe, supportive environment. Employees also donated toiletries and school items for those in the refuge;*
- **Autism Spectrum Australia (Aspect)** - *a not-for-profit service provider, helping people with autism and other disabilities and their families since 1966;*
- **Legacy** - *which provides services to Australian families suffering financially and socially after the incapacitation or death of a spouse or parent, during or after their defence force service; and*
- **Australia's Biggest Morning Tea** - *raising funds for the Cancer Council.*

Pillar in the superannuation industry

Corporate events and sponsorships

Pillar continues to sponsor selected events to maintain its profile in the superannuation industry.

This year, our sponsorships included:

- AIST Superannuation Administration Symposium held in Melbourne in August 2012;
- ASFA National Conference held in Brisbane in November 2012;
- Conference of Major Superannuation Funds (CMSF) held Brisbane in March 2013;
- ASFA VIC Luncheons held monthly in Melbourne;
- ASFA SA Luncheon held in Adelaide in July 2012 and March 2013;
- ASFA NSW Luncheon held in Sydney in May 2013; and
- ASFA Superfunds 'Out and About' photo page.

We believe these promotional activities continue to strengthen our brand and profile within the superannuation industry.



Our awards

Australian Teleservices Association National Awards

The ATA (Australian Teleservices Association) National Awards are recognised within the Contact Centre industry as being the pre-eminent awards program which identifies and recognises top performers across 12 different categories at the highest level.

The Pillar Contact Centre entered the 2013 awards under 2 categories; 'Contact Centre of the Year, NSW' (81-150 full time employees) and 'Contact Centre Manager of the Year, NSW'.

We are very proud that our Contact Centre and Manager, Tracey Holland, were awarded Finalist positions in the awards.

Our place as a finalist recognises the strong performance of our Contact Centre employees and their high level of customer service.



Illawarra Business Awards November 2012

The Origin Energy Illawarra Business Awards are one of the most recognised celebrations of business success and endeavour in the Illawarra.

We are very pleased to announce that Pillar was selected as a finalist in the 'Exceptional Customer Service' and 'Excellence in Workplace Learning and Development' categories of the awards. Pillar went on to win the award for 'Exceptional Customer Service'.

The judging of these awards was a two-step process, consisting of a written submission and a face-to-face interview with a judging panel.

Pillar's success as a winner and selection as a finalist confirms our position as a leading business organisation in the Illawarra with dedicated and skilled employees.

Environmental sustainability

Waste reduction and purchasing plan

Pillar is committed to waste reduction and recycling and aims to comply with the NSW Government's Waste Reduction and Purchasing Policy. Pillar prides itself on being environmentally responsible and is committed to recycling initiatives and reducing energy usage.

A Sustainability Advantage Program has been implemented, aiming to assist Pillar to secure a sustainable future through engaging employees in environmental, community and economic initiatives at home and at work.

Practices consistent with waste reduction and sustainability are firmly established within Pillar's processes. Pillar continues to try to reduce its use of paper products and, through e-business initiatives, the need for other organisations to use paper as well.

Key elements of Pillar's actions in these areas 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, and toner cartridges are placed in designated containers for recycling; and
- other suitable materials are recycled as advised.

Pillar employees are encouraged to recycle and to reduce waste where possible and would be aware that Pillar's actions and programs reflect 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.



Part B

CORPORATE INFORMATION

Corporate governance	B2
The Board	B3
Management.....	B7
Access to government information held by Pillar	B11
Member response	B13
Disclosure and privacy	B14
Other corporate information.....	B16

Corporate governance

Enabling legislation

The *State Owned Corporations Act 1989 (NSW)* (the “SOC Act”), provides for the establishment and operation of Government enterprises as State owned corporations. It sets out 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 as a statutory State owned 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.

The *Memorandum and Articles 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.

The trading name of the Superannuation Administration Corporation is Pillar Administration (“Pillar”).

Changes in legislation relating to Pillar

The governing legislation of Pillar, the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)* was amended in 2012/13 by the *State Owned Corporations Legislation Amendment (Staff Directors) Act 2013* with the effect that there is no longer a requirement for one Director of Pillar to be nominated by Unions NSW.

Changes in legislation related to the administration of superannuation funds are reported in the Annual Reports of Pillar’s clients.

Accountability to the NSW Government

Pillar is accountable to the NSW Government. Oversight is carried out by a Portfolio Minister (section 20I of the SOC Act) and two Voting Shareholders of Pillar (section 20H of the same Act).

As required by NSW legislation, Pillar prepares an Annual Report, Half Yearly reports, and an annual Statement of Corporate Intent, all of which are tabled in Parliament. Pillar also provides quarterly performance reports to the Portfolio Minister and the Shareholding Ministers.

Pillar’s annual financial statements are audited by the Auditor-General.

The Portfolio Minister

In terms of s. 20I of the *State Owned Corporations Act 1989 (NSW)*, the Portfolio Minister at 30 June 2013 was the Hon. Greg Pearce, MLC, Minister for Finance & Services. At the date of this report, the Portfolio Minister is the Hon. Andrew Constance, MP, Minister for Finance & Services.

The Shareholding Ministers

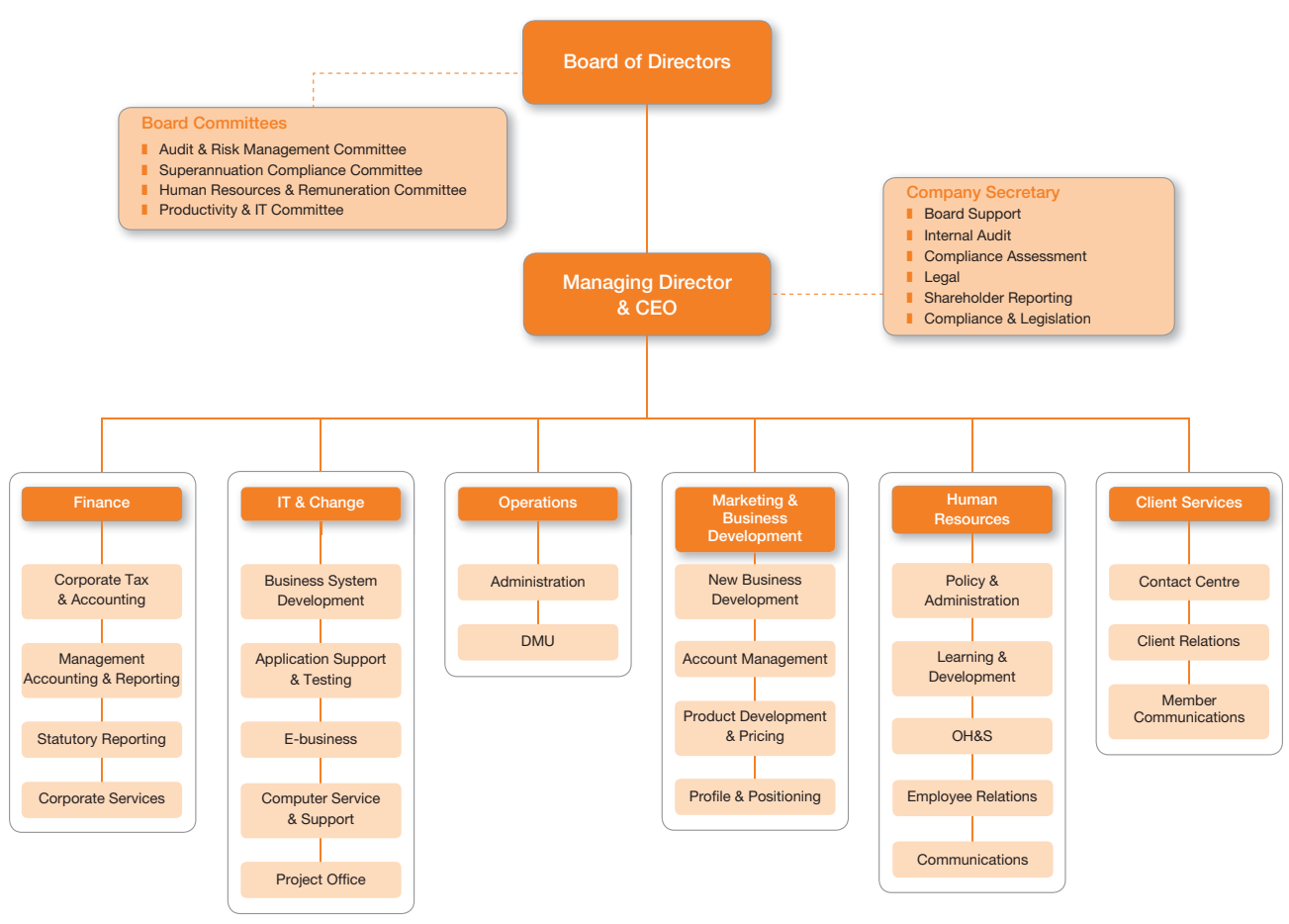
In terms of s. 20H of the *State Owned Corporations Act 1989*, the Voting Shareholders of Pillar as at 30 June 2013 were:

- the Hon. Michael Baird, MP, Treasurer, Minister for Industrial Relations; and
- the Hon. Andrew Stoner, MP, Deputy Premier, Minister for Trade & Investment, Minister for Regional Infrastructure & Services.

The Board

Under the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)*, Pillar’s Board has statutory authority to manage Pillar and is accountable to the Shareholding Ministers.

Organisational chart



CORPORATE INFORMATION

Our Directors

The Pillar 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 reports from management and questions to management from Directors at board meetings, through discussions with stakeholders and through various informal means open to the Directors.

Each of the non-executive Directors of Pillar was appointed to the Board by the Voting Shareholders pursuant to clause 15.2 of the *Memorandum and Articles of Association* of Pillar.

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, information technology and industrial relations. The current Directors of Pillar are listed below, with the date and term of appointment stated for each non-executive Director, along with an outline of each Director's professional background.



Nicholas Johnson, MA (PPE) Oxon

Chairman

Nicholas has extensive experience in financial services business management, in roles both overseas and in Australia. His financial sector experience include roles as Head of Operations and of IT systems development in major investment banks. He retired from Barclays Capital in 2012 after serving as Chief Executive Officer for Australia between 1998 - 2009 and then as Managing Director, Senior Relationship Management.

Previously he held senior positions with Commonwealth Bank, Morgan Stanley Asia, Credit Suisse First Boston and Orion Bank.

He is currently an Advisory Board Member of the North West Rail Link project (the Chatswood to Rouse Hill rapid transit rail line) and Chairman of the Sydney Institute and Chairman of the National Art School.

Nicholas was appointed as Chairman on 1 April 2013 for a 3 year term.



Peter Brook, GAICD, M.Mngt, AICA, B. Comm (Finance & Systems)

Managing Director & Chief Executive Officer

Peter has over 25 years' experience with senior management roles across diverse and complex organisations within financial services.

Peter started as a senior partner in Grant Thornton and the National Chairman of the Insolvency and Recovery practice. He later moved into senior executive roles working for MLC and Challenger (CFO of the Asset Management and Life Insurance group and an Executive Director in 4 ASX listed asset management funds).

Peter later moved onto Alinta Energy where he was an Executive Director and CFO. Most recently, Peter was the CFO for State Super Financial Services (SSFS).

Peter was appointed as CEO on 30 May 2013 for a 3 year term.



Noel Davis, LLB, AAI

Chairman of the Board's Superannuation Compliance Committee.

Noel is a practising barrister in Sydney. He has extensive experience in superannuation, life insurance and tax issues for more than 30 years. Noel is a part-time member of the Superannuation Complaints Tribunal.

Noel is the author of "The Law of Superannuation in Australia", a loose leaf book and is the editor of the "Australian Superannuation Law Bulletin".

Noel was first appointed to the Board on 16 October 2001 and was subsequently re-appointed, most recently for the term 16 October 2010 to 15 October 2013.



Philip Small, BEc (Syd), MSc (Lond), FCPA

Chairman of the Board's Audit and Risk Management Committee.

Philip has extensive managerial experience in insurance and the banking software industry and has a detailed knowledge of the Asia Pacific market.

He has held a number of senior management positions as a technology executive and was President of Computer Science Corporation (CSC)'s Financial Services Group in Asia Pacific, a position he held until 2001.

Philip is a Director of FINEOS Corporation (an Irish software company), Konekt Limited (a publicly listed provider of occupational rehabilitation and risk management services).

Philip was first appointed to the Board on 25 February 2005, and was subsequently re-appointed for the term 25 February 2011 to 24 February 2014.



Adam Kerslake, BA (UNSW), LLB (UTS)

Nominee of Unions NSW on the Board, Chairman of the Board's Productivity and IT Committee.

Adam is a Deputy Assistant Secretary of Unions NSW. He has been involved with the union movement for over 20 years and he currently co-ordinates the rail industry for Unions NSW. Adam has served on the Board of State Transit, on the NSW Manufacturing Council and on the Correctional Industries Consultative Council of NSW.

Adam was appointed to the Board on 14 March 2011 for a 3 year term ending on 13 March 2014.

Board changes during 2012/13

- **Dr Col Gellatly** resigned as Chairman effective 28 March 2013;
- **Peter Beck** resigned as CEO on 10 December 2012;
- **Peter Cormack** was appointed by the Board as Acting CEO on 10 December 2012 and resigned effective 26 April 2013;
- **Gerard Gieseckam** (Pillar's CFO) was appointed by the Board as Acting CEO on 29 April 2013.

New directors

Effective 1 July 2013, 2 new Directors were appointed to the Board; **Patricia Azarias** and **Nigel Smyth**.

CORPORATE INFORMATION

Board Committees

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

Audit & Risk

- * Establishes accounting policies.
- * Focuses in the adequacy of the operating, risk and financial controls.
- * Oversees the work of the internal auditor.
- * Meeting are attended by representatives of management, external and internal auditors, and on occasion, the Committee meets with auditors without management being present.

Human Resources & Remuneration

- Provides high level oversight of:
- human resource policies
 - strategies
 - remuneration

Productivity & Information Technology

Assists the Board in meeting its strategic objectives to enhance Pillar's scalable business capability through the effective use of technology and quality, process and productivity improvements.

Superannuation Compliance

Oversees Pillar's Compliance Program in relation to superannuation administration.

Membership of Board Committees

The Board determines the membership of the Board Committees. Individuals who are not members of the Board may be included; however executives or executive Directors of Pillar are excluded from Committee membership.

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

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:

- executives of Pillar as appropriate; and
- other persons providing reports or information for the Committee.

Responsibilities and activities of Board Committees

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

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

The individual Committee Charters are reviewed annually and updated, subject to Board approval.

Frequency of and attendance at Board meetings

During the year, the Board met thirteen (13) times. The number of meetings attended by each Director is listed below.

Director	Number attended	Possible number
Nicholas Johnson (Chairman and Director from 1 April 2013)	2	3
Noel Davis	12	13
Philip Small	13	13
Adam Kerslake	13	13
Peter Brook (MD & CEO from 30 May 2013)	1	1
Col Gellatly (Chairman and Director until 28 March 2013)	10	10
Peter Beck (CEO until 10 December 2012)	7	7
Peter Cormack (Acting CEO from 10 December 2012 to 26 April 2013)	4	4
Gerard Gieseckam (Acting CEO from 29 April 2013 to 29 May 2013)	1	1

Management

Managing Director & Chief Executive Officer

After consultation with the voting shareholders, the Managing Director & Chief Executive Officer (CEO) of Pillar is appointed by the non-executive Directors.

Peter Brook was appointed as Managing Director & CEO effective 30 May 2013, for a 3 year term.

Structure

The Pillar executive management team, make up the Executive Committee (EC). The EC has an interest in all facets of Pillar, both strategically and operationally. The EC has reporting arrangements in place, ensuring it receives timely information about any matter warranting consideration or awareness.

During the year, the Executive Committee generally met at least fortnightly.

The managers who comprised the Executive Committee as at 30 June 2013 and a brief profile of each manager are set out below.

Peter Brook

Managing Director & Chief Executive Officer

Peter's profile is in 'The Board' section.



Gerard Gieseckam, B. Comm (UNSW), CPA/CA qualified Chief Financial Officer

Gerard has over 20 years' commercial experience in the financial services industry. Gerard commenced his career with Ernst & Young and then went on to hold senior finance roles with AMP, KAZ Group, Telstra and Link Market Services. His most recent role prior to joining Pillar was as CFO of Australian Administration Services (AAS).

Gerard was employed in his position for the whole year and was Acting CEO for a short period in April and May 2013.



John Vohradsky, B. Math (Computing Science), MBA (Distinctions) Chief Information Officer

John has over 25 years of extensive experience in the financial services sector. He has held senior roles at IMB and Community Alliance Credit Union Limited (CACUL). Prior to joining Pillar, John was Deputy CEO at CACUL with executive oversight of IT, Project Management Office, Administration, Marketing and High Value membership.

John is currently a Director of Illawarra Regional Information Service (IRIS).

John was employed in his position for the whole year.



Jane Byrne, B. Comm, Grad Dip. App. Fin & Inv't, Grad Dip. in Corp Gov. F Fin, ACSA Company Secretary and Head of Corporate & Quality

Jane has over 30 years' experience in the financial services sector. She has had senior roles with AAS, Citistreet and at Permanent Trustee. Jane is responsible for Quality and Compliance at Pillar and is also the Company Secretary. Prior to becoming Company Secretary, Jane was Pillar's client relationship manager for First State Super and the STC schemes and acted as Fund Secretary of the Parliamentary Contributory Superannuation Fund for seven years.

Jane was employed in her position for the whole year.



Fatima Abbas, BSc/Psy (HONS), MPsy (ORG), MPA

General Manager – Human Resources

Fatima has executive level experience in human resources management, corporate planning and strategy, and organisational change management. Fatima's previous appointment was with Fire and Rescue NSW, as the Director of Strategy and Innovation, where she was responsible for corporate planning and performance, audit and risk management, lessons learned, media and ministerial services, and organisational reform.

Fatima was employed in her position for the whole year.



Chris Woodward, Dip. Superannuation Mgmt, MBA Executive

General Manager – Operations

Chris has been with Pillar for over 23 years and has performed many roles within the organisation over that time. Chris' experience is predominantly in business administration and client management. He is currently responsible for Client Services and Operations within Pillar. This includes client relationships, our Contact Centre, Member Communications and Administration.

Chris was employed in the position of GM – Client Services until April 2013 and he took over responsibility for Operations in February 2013.



Bill Morris, Dip. Superannuation Mgmt

Manager – Quality and Compliance

Bill has 30 years' experience in the superannuation industry, the vast majority of which has been in fund administration, compliance and technical services roles. He has been with Pillar in Compliance management roles for the past 13 years.

Bill was employed in his position for the whole year.



Chris Richards,

Acting General Manager – Client Services

Chris has over 23 years' experience in the superannuation industry and has worked in senior leadership positions for a number of third party superannuation administrators, including Towers Perrin, and Russell, as well as in-house corporate superannuation administration at BHP Billiton.

Chris has been with Pillar for over 7 years and has performed many roles within the organisation over that time. Chris' experience is predominantly in direct administration management, client relationship management and client services.

Chris was employed in the position of Acting GM – Client Services from April 2013.

Executives with remuneration packages over \$253,501

As required by *the Annual Reports (Statutory Bodies) Regulation 2010 (NSW)*, performance statements for the executives listed below are provided.

At 30 June 2013, the following Pillar executives had annual remuneration packages (not including performance-related incentive payments) in excess of \$253,501. This is equivalent to the minimum annual remuneration package for Senior Executive Service Level 5 executives.

CORPORATE INFORMATION

Performance statements

Name	Peter Brook	John Vohradsky
Position	Managing Director & Chief Executive Officer	Chief Information Officer
Remuneration package (annual amount)	\$425,000	\$275,000
Performance-related incentive payments	None for 2012/13	None for 2012/13
Period	From 30 May 2013	Whole of 2012/13 year
Performance targets achieved	<ul style="list-style-type: none"> Not applicable as Peter only started as CEO on 30 May 2013. 	<ul style="list-style-type: none"> Developed and implemented the IT strategy. Amalgamated IT and PMO into a combined structure.

Number of executive officers at Pillar

The below table lists the number of executive staff employed at Pillar for the year, with an annual remuneration package equal to or greater than the minimum annual remuneration package for Senior Executive Service Level 1 executives (\$163,000).

Date	Female	Male
30 June 2013	2	6
30 June 2012	3	8

Note: These figures include Information Technology managers.

Access to government information held by Pillar

Pillar is an agency covered by the GIPA Act. Under the GIPA Act (*Government Information (Public Access) Act 2009 (NSW)*), an agency must release “government information” unless there is an overriding public interest against disclosure. Government information is considered to be anything contained in a record held by a government agency, or held on behalf of an agency by a government contractor or by the State Records Authority.

Pillar holds information that is classed as “government information” about:

- itself as a corporation - such as information relating to its business operations, financial situation and dealings, employees, property and equipment;
- the superannuation funds and schemes that it administers on behalf of the trustees of those funds – such as employer and employee membership details; including detailed information about the members of each of the superannuation funds, such as their name, date of birth, employer, address, tax file number, contributions and entitlements.

Open access information about Pillar

The GIPA Act obliges an agency to proactively release “open access information” (as defined in the GIPA Act). Pillar’s “open access information” can be obtained by any member of the public by downloading it from our website www.pillar.com.au (under “Access to Information”).

Alternatively, access can be requested by:

Phoning the Pillar Information Officer

1800 779 068

Writing to:

Information Access Co-ordinator
Pillar Administration
PO Box 1229
Wollongong NSW 2500.

Access to other information about Pillar may require that a formal application be made under the GIPA Act. Typically, such information may be of the type that is costly to make available or where the decision about access may have to be formally made because of the nature of the information sought.

Formal applications should be made on the applicable form available in the section “Access to Information” on Pillar’s website. An application fee of \$30 must be paid, and processing fees of \$30 an hour may be applicable. Discounts of the processing fees are available for pensioners, full-time students and for those in financial hardship.

Open access information about Pillar, which is not publicly available

Under section 14 of the GIPA Act there is a public interest consideration against disclosure of information if disclosure of the information could reasonably be expected to have one or more of the following effects:

- undermine competitive neutrality in connection with any functions of an agency in respect of which it competes with any person or otherwise place an agency at a competitive advantage or disadvantage in any market;
- reveal commercial-in-confidence provisions of a government contract;
- diminish the competitive commercial value of any information to any person;
- prejudice any person’s legitimate business, commercial, professional or financial interests.

Pillar operates in a highly competitive commercial environment and consistent with the provisions in section 14 above. We will consider the merits of any application for access to information, but we note that the disclosure of certain commercially sensitive information relating to Pillar could adversely affect our commercial interests. Hence, pursuant to section 14 of the GIPA Act, the business interests of Pillar is a consideration that is taken into account in determining whether there is an overriding public interest against disclosure of commercially sensitive information about Pillar, such as our commercial contracts with our clients and service providers and some internal policy documents.

Review of the information made publicly available by Pillar

During 2012/13, Pillar reviewed the type of information that it makes publicly available. The review took into account the information that Pillar already has made available on its website and the open access information, including various corporate policy documents and various reports that are tabled in Parliament, which are publicly available and accessible via Pillar's website. The conclusion of the review was that Pillar believes that it has made publicly available all of the government information that should, in the public interest, be publicly available and that can be made publicly available without posing unreasonable costs on Pillar or adversely affecting its commercial interests. We believe that there is considerably more publicly available information about Pillar than is the case for our competitors.

Member access to their superannuation file

Any member of a NSW public sector superannuation scheme can apply for access to part or all of the information held in the superannuation file that Pillar maintains in relation to their scheme membership. Pillar requires that the application be formally made under the GIPA Act (on the applicable form available in the section "Access to Information") on Pillar's website or by contacting Pillar. An application fee of \$30 must be paid and processing fees of \$30 an hour may apply (although the first 20 hours of processing is free of charge). Reductions of the processing fees are available for pensioners, full-time students and for those in financial hardship.

Agency information guide

Pillar's Agency Information Guide (previously known as the Publication Guide) is available under section "Access to Information" on Pillar's website. The Agency Information Guide was reviewed and updated in January 2013.

Applications for access to information

During the 2012/13 year, there were:

- 439 formal applications for information (under the GIPA Act) received by Pillar (including withdrawn applications but excluding invalid applications);
- 437 applications for information processed (29 applications were brought forward as outstanding at 1 July 2012 and 31 applications were still in progress at 30 June 2013);
- 50 applications refused, in whole or in part, because the application was for information for which there is a conclusive presumption of overriding public against disclosure (categories referred to in Schedule 1 of the GIPA Act). Of those applications, all 50 were refused in part.

Please refer to Appendix 1 of this Report for statistical information about applications for access under the GIPA Act.

Member response

Complaints made about Pillar

During the year, there were no complaints made to Pillar which were not related to the superannuation funds and schemes we administer.

Pillar reports details of complaints received in relation to the funds we administer. Reports are provided directly to the fund.

Complaints made by fund members

By arrangement with its public sector trustee clients SAS Trustee Corporation (STC) and the Trustees of the Parliamentary Contributory Super Fund (PCSF), Pillar's Annual Report includes statistics on complaints it received relating to the NSW public sector superannuation schemes. A breakdown by category is listed below.

Complaint category	Complaints for STC	Complaints for PCSF
Application of policy	8	0
Administrative issues	66	0
Investment	2	0
Insurance	1	0
Incorrect data from external provider	0	0
Total	77	0

The number of complaints received from STC scheme members decreased from 143 in 11/12 to 77 in 12/13. There were no complaints for PCSF in either year.

At 30 June 2013 there were 121,979 STC scheme members (including pensioners). There were 326 PCSF members and pensioners.

For reporting purposes, the definition of a complaint 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. Employees and managers are encouraged to recognise and highlight complaints that show the need for changes to scheme literature, standard letters, systems, procedures and practices.

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 regulation in accordance with the provisions of the *Superannuation Industry (Supervision) Act 1993 (Cth)*.

Disclosure and privacy

Public interest disclosures (PID)

Section 31 of the *Public Interest Disclosures Act 1994 (NSW)* provides that each public authority, including Pillar as a State owned corporation, must prepare an annual report on the authority's obligations under the Act for submission to the Minister responsible for the authority, with a copy to the Ombudsman.

The report can be included in the Annual Report for the authority. The information to be reported is set out in the *Public Interest Disclosures Regulation 2011 (NSW)*.

The information for the 2012/13 year is as follows:

Public interest disclosures	
Number of public officials who made PIDs to Pillar	0
Number of PIDs received in total	0
Of PIDs received, number primarily about:	
Corrupt conduct	0
Maladministration	0
Serious and substantial waste	0
Government information contravention	0
Local government pecuniary interest contravention	0
Number of PIDs finalised	0

Prior to the 2010 and 2011 amendments to the *Public Interest Disclosures Act 1994 (NSW)*, Pillar had an existing Protected Disclosures Policy in place. The policy was reviewed and substantially amended in September 2011 as the Public Interest Disclosures Policy. The Policy demonstrates Pillar's commitment to supporting and protecting employees who report wrongdoing, including wrongdoing by Pillar management or other employees.

The Public Interest Disclosures Policy was re-launched to Pillar employees in December 2011, making them aware of the Policy and the protections under the *Public Interest Disclosures Act 1994 (NSW)* for a person making a public interest disclosure. Senior managers are tasked with the responsibility of ensuring that their employees are aware of Pillar's policies, including the Public Interest Disclosures Policy. All policies are easily accessible to management and employees on the Pillar intranet.

An annual reminder about the Public Interest Disclosures Policy is emailed to all employees by the CEO. Furthermore, Pillar's Code of Conduct, which all employees have to annually re-confirm, contains specific reference to the Public Interest Disclosures Policy.

Privacy policy

Pillar's Privacy Policy sets out its commitment to best practice privacy standards and its objective of compliance with the requirements of the *Privacy Act 1988 (Cth)* and the National Privacy Principles contained therein.

In 2012, Pillar commenced its provision administration services for the Public Sector Superannuation accumulation plan (PSSap) to ComSuper, a Commonwealth agency. Pillar is contractually obliged, in relation to the administration services provided for PSSap, to comply with the obligations and requirements of the Information Privacy Principles (IPPs) (contained in the *Privacy Act 1988 (Cth)*) as if we were an agency under the Privacy Act and is specifically required not to breach an IPP.

Additionally, Pillar is contractually obligated to comply with the Privacy Management Plan of STC. This Privacy Management Plan sets out the requirements of the *Privacy and Personal Information Protection Act 1998 (NSW)* that Pillar, as the administrator of the schemes, is indirectly obligated to comply with, although, as a State owned corporation, Pillar is exempt from the NSW privacy legislation.

Pillar has commenced analysis and work in relation to implementing and complying with the changes to the *Privacy Act 1988 (Cth)* that come into effect in March 2014, including replacing the National Privacy Principles and the Information Privacy Principles with 13 Australian Privacy Principles.



Other corporate information

Grants to non-government organisations

There were no grants made to non-government organisations by Pillar in 2012/13.

Overseas visits

There were no overseas trips by representatives of Pillar in 2012/13.

Expenditure on consultants during 2012/13

Consultant	Purpose	Amount (exc. GST)
Synchronised Software	Statement Of Work (SOW), BAU and support services	\$1,376,772
Balance recruitment	IT	\$762,275
Bravura Solutions	Professional services - SuperB, RBA and Health Super	\$571,801
Kinahan & Associates	Professional services	\$205,687
Thunderhead	Professional services and support – annual statements	\$106,036
Compuease	Consulting services – SOW	\$104,567
Information Architecture	Consulting services - IT	\$95,360
Divine Associates	PMO services	\$92,400
Potency	SMILE program	\$89,050
Data Com Information Technology	Microfiche digitisation	\$84,000
ACM Biz Services	Consulting services - IT	\$79,187
Morse Consulting	Consulting services – Project management	\$66,448
Huxley Associates	Consulting services - IT	\$61,050
Professional Advantage	Consulting services – SUN upgrade	\$44,075
Lonergan & Edwards	Professional services	\$38,000
Goldfish Group	Consulting services – Health Super transition	\$31,200
Oakton	Consulting services – PSSap transition	\$28,414
Veridian Solutions	Consulting services	\$21,675
Rice Warner	Professional consulting	\$3,830
Total		\$3,769,430

Details of the production of this annual report

The estimated external costs of this Annual Report are to be no greater than \$3,000, with 50 copies of the report being printed.

This report will be available on the internet in pdf format as soon after it is submitted to the NSW Parliament in late November 2013. The report will be available on the Pillar website at www.pillar.com.au. The report is not available in any other non-printed format.

Exemptions from reporting requirements

As a NSW state owned corporation, Pillar competes for superannuation administration business with private sector organisations, and has been determined by NSW Treasury to be an "in competition" entity for annual reporting purposes for 2012/13 and future financial years. Accordingly, Treasury has granted to Pillar various "in competition" annual reporting exemptions, pursuant to section 7(2) of the *Annual Reports (Statutory Bodies) Act 1984 (NSW)*, and clause 19 of the *Annual Reports (Statutory Bodies) Regulation 2010 (NSW)*.

Please refer to Appendix 2 of this Report for details of the exemptions and any relevant conditions.

This page has intentionally been left blank.

Part C

AUDITED FINANCIAL STATEMENTS



The background image shows a woman with blonde hair, wearing a red cardigan over a black top, smiling and pointing towards a whiteboard. The whiteboard has handwritten notes in blue and orange ink. The notes include 'Dependant - SKS', '* Spouse (detached + same sex)', '* Child', '* Financially dep.', 'Interdependent r/ship', 'Close + personal r/ship', and 'Living together'. To the right of the woman, there is a list of bullet points: 'Dependant', 'Binding', 'Internal', 'Who can', 'Timefr', 'Extern', and 'Based'.

Independent Auditor's Report.....	C2
Directors' Declaration for the Year ended 30 June 2013	C4
Statement of Profit or Loss and Other Comprehensive Income for the year ended 30 June 2013	C5
Statement of Financial Position as at 30 June 2013	C6
Statement of Changes in Equity for the year ended 30 June 2013	C7
Statement of Cash Flows for the year ended 30 June 2013.....	C8
Notes to the Financial Statements for the year ended 30 June 2013	C9

Independent Auditor's Report

Superannuation Administration Corporation (Trading as Pillar Administration)

To Members of the New South Wales Parliament

I have audited the accompanying financial statements of Superannuation Administration Corporation (the Corporation), which comprise the statement of financial position as at 30 June 2013, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information.

Opinion

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Corporation as at 30 June 2013, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards,
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (the PF&A Act) and the *Public Finance and Audit Regulation 2010*.

My opinion should be read in conjunction with the rest of this report.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with Australian Accounting Standards and the *State Owned Corporations Act 1989* and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements in relation to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend upon the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

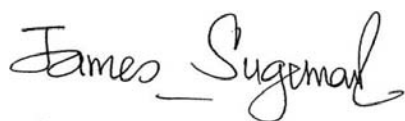
My opinion does *not* provide assurance:

- about the future viability of the Corporation;
- that it has carried out its activities effectively, efficiently and economically;
- about the effectiveness of its internal control;
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented;
- about any other information which may have been hyperlinked to/from the financial statements.

Independence

In conducting my audit, I have complied with the independence requirements of the Australian Auditing Standards and other relevant ethical pronouncements. The PF&A Act further promotes independence by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General;
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their role by the possibility of losing clients or income.



James Sugumar
Director, Financial Audit Services

20 September 2013

SYDNEY

AUDITED FINANCIAL STATEMENTS

Superannuation Administration Corporation (Trading as Pillar Administration)

Directors' Declaration for the Year ended 30 June 2013

Pursuant to Section 41C of the *Public Finance and Audit Act, 1983*, in the opinion of the Directors of Superannuation Administration Corporation (trading as Pillar Administration):

- (a) the financial statements:
 - (i) exhibit a true and fair view of Superannuation Administration Corporation's financial position, financial performance and cash flows for the year ended 30 June 2013; and
 - (ii) comply with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*.
- (b) there are reasonable grounds to believe that the Corporation will be able to pay its debts as and when they fall due.
- (c) we are not aware of any circumstances at the date of this declaration that would render any particulars included in the financial statements to be misleading or inaccurate.

Signed in accordance with a resolution of the Board of Directors



Nicholas Johnson
Chairman
Superannuation Administration Corporation



Peter Brook
Managing Director & CEO
Superannuation Administration Corporation

Date: 20 September 2013

Statement of Profit or Loss and Other Comprehensive Income

for the year ended 30 June 2013

	NOTE	2013 \$'000	2012 \$'000
Continuing Operations			
Revenue			
Operating activities	2(a)	86,127	78,637
Other income	2(a)	62	196
Expenses			
Employee related expenses	2(b)	(61,410)	(59,303)
Depreciation and amortisation expense	2(b)	(2,131)	(2,156)
Occupancy expenses		(3,357)	(2,646)
Information technology expenses		(5,431)	(5,686)
Member communications expenses		(3,207)	(3,183)
Contractors' expenses		(4,221)	(4,584)
Consultancy expenses		(811)	(957)
Other expenses	2(b)	(4,071)	(3,766)
Profit / (loss) before income tax		1,550	(3,448)
Income tax benefit	3(a)	15	1,236
Profit / (loss) for the year from continuing operations attributable to shareholders of the corporation		1,565	(2,212)
Other comprehensive income net of tax for the year net of tax items that may be reclassified subsequently to profit or loss			
Revaluation decrement on property, plant and equipment net of tax		(355)	-
Total other comprehensive income for the year		(355)	-
Total comprehensive income for the year		1,210	(2,212)

The accompanying notes form an integral part of this Statement of Profit and Loss and Other Comprehensive Income.

AUDITED FINANCIAL STATEMENTS

Statement of Financial Position as at 30 June 2013

	NOTE	2013 \$'000	2012 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	15(a)	6,652	2,569
Trade and other receivables	4	11,745	13,576
Other current assets	5	1,501	1,035
Total Current Assets		19,898	17,180
Non-Current Assets			
Property, plant and equipment	6	12,602	13,646
Intangibles	7	673	1,194
Deferred tax assets	3(b)	3,257	3,217
Total Non-Current Assets		16,532	18,057
Total Assets		36,430	35,237
LIABILITIES			
Current Liabilities			
Trade and other payables	8	4,259	4,180
Provisions	9	8,178	6,318
Total Current Liabilities		12,437	10,498
Non-Current Liabilities			
Deferred tax liabilities	3(c)	1,142	1,433
Provisions	9	2,429	2,998
Total Non-Current Liabilities		3,571	4,431
Total Liabilities		16,008	14,929
Net Assets		20,422	20,308
Equity			
Issued capital	10	6,000	6,000
Reserves	10	6,803	7,158
Retained earnings	10	7,619	7,150
Total Equity		20,422	20,308

The accompanying notes form an integral part of this Statement of Financial Position.

Statement of Changes in Equity

for the year ended 30 June 2013

	NOTE	Issued capital \$'000	Asset revaluation reserve \$'000	Operational risk reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2012	10	6,000	3,158	4,000	7,150	20,308
Profit for the year		-	-	-	1,565	1,565
Other comprehensive income, net of tax		-	(355)	-	-	(355)
Total comprehensive income for the year		-	(355)	-	1,565	1,210
Transactions with owners in their capacity as owners:						
*Dividend to equity holders		-	-	-	(1,096)	(1,096)
Balance at 30 June 2013		6,000	2,803	4,000	7,619	20,422
		Issued capital \$'000	Asset revaluation reserve \$'000	Operational risk reserve \$'000	Retained earnings \$'000	Total equity \$'000
Balance at 1 July 2011	10	6,000	3,158	4,000	9,362	22,520
Loss for the year		-	-	-	(2,212)	(2,212)
Total comprehensive income for the year		-	-	-	(2,212)	(2,212)
Transactions with owners in their capacity as owners:						
*Dividend to equity holders		-	-	-	-	-
Balance as at 30 June 2012		6,000	3,158	4,000	7,150	20,308

* Note: Dividend payable - NSW Treasury has set a target of 70% (70% 2012) of the net profit from ordinary activities after income tax. Dividend per share was \$547,691 for 2013 (\$0 per share 2012).

The accompanying notes form an integral part of this Statement of Changes in Equity.

AUDITED FINANCIAL STATEMENTS

Statement of Cash Flows for the year ended 30 June 2013

	NOTE	2013 \$'000	2012 \$'000
Cash Flows From Operating Activities:			
Receipts from customers (inclusive of GST)		97,374	84,208
Payments to suppliers and employees (inclusive of GST)		(92,197)	(88,019)
Income taxes paid		-	(1,390)
Income taxes received		-	209
Interest received		60	190
Net cash flows from operating activities	15(c)	5,237	(4,802)
Cash Flows From Investing Activities:			
Payments for property, plant and equipment		(898)	(1,941)
Payments for intangible assets		(256)	(201)
Net cash flows from investing activities		(1,154)	(2,142)
Cash Flows From Financing Activities:			
Dividends paid		-	(2,663)
Net cash flows from financing activities		-	(2,663)
Net increase/(decrease) in cash and cash equivalents		4,083	(9,607)
Cash and cash equivalents at the beginning of the financial year		2,569	12,176
Cash and cash equivalents at the end of the financial year	15(a)	6,652	2,569

The accompanying notes form an integral part of this Statement of Cash Flow.

Notes to the Financial Statements

for the year ended 30 June 2013

Corporate Information

Superannuation Administration Corporation (the Corporation), trading as Pillar Administration is a Statutory State Owned Corporation established on 26 July 1999 under the *Superannuation Administration Authority Corporatisation Act, 1999* ("the Act"). It is domiciled in NSW Australia and its registered office address is at Level 18, 83 Clarence Street, Sydney, NSW 2000.

The Corporation provides superannuation scheme administration services and related services in both the public and private sectors. The Corporation operates under the commercial disciplines of the NSW Government's Commercial Policy Framework and accordingly the Board of Directors has determined the Corporation as a for-profit entity for the purpose of the preparation of the financial statements.

These financial statements for the financial year ended 30 June 2013 have been authorised for issue in accordance with a resolution of the Board of Directors on 20 September 2013.

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial statements are general purpose financial statements, which have been prepared in accordance with applicable Australian Accounting Standards (which include Australian Accounting Interpretations), the requirements of the *Public Finance and Audit Act 1983* and the *Public Finance and Audit Regulation 2010*.

The financial statements have also been prepared on an historical cost basis using the accrual method of accounting and do not reflect current values of assets except where noted.

The accounting policies adopted in preparing the financial statements have been consistently applied during the year unless otherwise stated.

All amounts are expressed in Australian Dollars which is the corporation's functional and presentation currency.

(b) Statement of Compliance

The financial statements and notes comply with Australian Accounting Standards, which include Australian Accounting Interpretations.

Use of Judgements and Estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events management believe to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgment. The level of provision is assessed by taking into account the ageing of receivables, historic collection rates and specific knowledge of individual debtors financial position.

Income tax

Significant judgment is required in determining the provision for income tax. The corporation recognises liabilities for anticipated tax based on the corporation's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determinations are made.

Notes to the Financial Statements for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Statement of Compliance (continued)

Other provisions

As discussed in note 1 (g), long service leave benefits are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. The value of the short and long term employee incentive schemes are dependent on the individual staff and the organisation as a whole achieving specific performance conditions. Refer to note 18 for further details.

Estimation of useful lives of assets

The corporation determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

(c) Income Tax

The Corporation is subject to notional taxation in accordance with the *State Owned Corporations Act 1989*. An "equivalent" or "notional income tax" is payable to the NSW Consolidated Fund through the Office of State Revenue. Taxation liability is assessed according to the National Tax Equivalent Regime (NTER) of the NSW Treasury (and any transitional provisions which apply). The NTER adopts as far as practicable the Commonwealth *Income Tax Assessment Acts 1936 and 1997* (as amended) as the basis for determining taxation liability and tax-effect accounting. The liability method of tax-effect accounting is adopted.

The charge for current income tax expenses is based on the profit / (loss) for the year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantively enacted by the reporting date.

Deferred tax is accounted for using the balance sheet liability method in respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability settled. Deferred tax is recognised as an expense or income in the Statement of Profit or Loss and Other Comprehensive Income.

Deferred tax assets are recognised to the extent that it is probable that sufficient future taxable amounts will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the corporation will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(d) Property, Plant and Equipment

Acquisitions and Capitalisation

All items of computers and other plant and equipment acquired are recorded at the cost of acquisition. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. Acquisitions that do not meet the following asset recognition criteria are expensed.

An asset will be recognised in the Statement of Financial Position when and only when:

- it is probable that the future economic benefits embodied in the asset will eventuate; and
- the asset possesses a cost or other value that can be measured reliably.

Notes to the Financial Statements

for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment (continued)

The materiality test also applies to the asset recognition criteria. The threshold value for physical assets follows the NSW Treasury Guidelines for Capitalisation of Expenditure in the NSW Public Sector. In general, a physical asset costing less than \$5,000 is not capitalised unless it is part of a group of assets which exceed \$5,000 in total. The threshold value is determined and reviewed by the Audit & Risk Management Committee of the Board.

Expenditure incurred to restore or maintain the future economic benefits that were expected from the original standard of performance of an asset are not capitalised.

Each class of plant and equipment is carried at fair value less, where applicable, any accumulated depreciation and/ or impairment loss.

Property

The Corporation's policy is to have an independent valuation of the land and building every three years, with annual appraisals being made by the directors. The land and buildings were revalued on 30 June 2013 based on the appraisal of an independent registered valuer, Opteon, dated 28 June 2013.

Fair value of property is determined based on the best available market evidence, including current market selling prices for the same or similar assets. Where there is no available market evidence, the asset's fair value is measured at its market buying price, the best indicator of which is depreciated replacement cost.

When revaluing property, any balances of accumulated depreciation at the revaluation date in respect of those assets are credited to the asset accounts to which they relate. The net asset accounts are then increased or decreased by the revaluation increments or decrements.

Revaluation increments are credited directly to revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the net result, the increment is recognised immediately as revenue in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the revaluation surplus in respect of the same class of assets, they are debited directly to the revaluation surplus.

Plant and equipment

Plant and equipment is measured on the fair value basis, less depreciation and impairment losses. The net book value is considered to represent fair value for plant and equipment.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flow or future economic benefits which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Disposals

The profit or loss on disposal of assets is calculated as the difference between the net book value of the asset at the time of disposal and the proceeds on disposal and is recorded in the Statement of Profit or Loss and Other Comprehensive Income in the year of disposal.

Depreciation

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives, making allowances where appropriate for residual values. The estimates of economic useful lives are reviewed annually, taking into account commercial and technical obsolescence. The expected economic useful life of computers is 4 years.

Notes to the Financial Statements for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Property, Plant and Equipment (continued)

Depreciation (continued)

Other plant and equipment is depreciated over their estimated useful lives using the straight-line method, making allowances where appropriate for residual values. The expected economic useful life of other plant and equipment ranges from 3 to 10 years.

The depreciable amount of the building, excluding freehold land, is depreciated on a straight line basis over the estimated economic useful life to the economic entity commencing from the time the asset is held ready for use. The expected useful life of the building is depreciated at a rate of 2.5% over 40 years.

(e) Financial Assets and Financial Liabilities

For the purpose of these financial statements, a financial instrument is any contract that gives rise to both a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments give rise to positions that are financial assets or liabilities. These include both primary instruments (such as receivables, payables and equity securities) and derivative instruments (such as financial options, foreign exchange transactions, forward rate agreements and interest rate and currency swaps).

All classes of instruments are initially recorded at cost and are subsequently carried at fair value at reporting date. Financial instruments are subsequently measured at amortised cost using the effective interest rate method. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

(f) Intangible Assets

Acquisitions and Capitalisation

All items acquired are recorded at the cost of acquisition. Cost is determined as the fair value of the assets given up at the date of acquisition plus costs incidental to the acquisition. Acquisitions that do not meet the following asset recognition criteria will be expensed.

An asset will be recognised in the statement of financial position when and only when:

- it is probable that the future economic benefits embodied in the asset will eventuate; and
- the asset possesses a cost or other value that can be measured reliably.

The materiality test also applies to the asset recognition criteria. In general the recognition threshold for software, considered to be an integral part of computer hardware, is \$100,000. The threshold value is determined and reviewed by the Audit & Risk Management Committee of the Board.

Expenditure incurred to restore or maintain the future economic benefits that were expected from the original standard of performance of an asset will not be capitalised.

New Business Take-on Costs

Where the costs of taking on a new client are included in the overall pricing terms, they are capitalised and amortised over the life of the initial contract term. The asset is measured as the reasonable costs that are directly related to and specifically incurred in the process of setting up the new business. Overhead costs and other administration costs are not capitalised. The Corporation adopts the cost method, such that the take-on asset is carried at cost less a charge for amortisation, adopting the initial term of the contract as the useful life of the asset, subject to accumulated impairment losses.

Notes to the Financial Statements

for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Intangible Assets (continued)

The Corporation undertakes regular and at least annual impairment reviews, such that the asset is never greater than the net present value (NPV) of the future cash flows relating to the new business over the initial term of the contract. The NPV is calculated as the total revenues (revenues associated with both take-on costs plus ongoing administration costs) less the total costs (take-on costs plus ongoing administration costs). Where an impairment loss has been charged in a prior year(s) and circumstances have changed, the asset is adjusted to reflect the revised economic conditions in the business (due to either reduced costs or increased revenues), such that the NPV of future cash now indicates that the impairment charge should be reduced or reversed.

Software

Software is measured at cost, less amortisation and impairment losses.

Carrying Amounts

The carrying amount of intangibles is reviewed annually by directors to ensure it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flow or future economic benefits which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to present values in determining recoverable amounts.

Disposals

The profit or loss on disposal of assets is calculated as the difference between the net book value of the asset at the time of disposal and the proceeds on disposal and is recorded in the Statement of Profit or Loss and Other Comprehensive Income in the period of disposal.

Amortisation

Items of software are amortised on a straight-line basis over their estimated economic useful lives. The estimates of economic useful lives are reviewed annually, taking into account commercial and technical obsolescence. The expected economic useful life of software ranges from 2 to 4 years.

(g) Employee Benefits

Annual Leave

The provision for annual leave represents the amount which the Corporation has a present obligation to pay resulting from employees' past services. This provision is expected to be settled within 12 months and is measured at its nominal value using the remuneration rates expected to apply at the time of settlement plus related on costs.

Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds, with terms to maturity and currency that match, as closely as possible, the expected future cash outflows, in accordance with NSW Treasury policy.

Notes to the Financial Statements for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Employee Benefits (continued)

Superannuation

Contributions are made by the economic entity to an employee superannuation fund and are charged as expenses when incurred. The Corporation transferred all its staff superannuation entitlements in the defined benefit plans to NSW Treasury in 2005. The unfunded superannuation liability of the Corporation is now assumed by the Crown Entity.

Long Term Incentive Plan

The long term incentive scheme is a 4 year rolling program commencing on 1 July 2009. The program is dependent on the organisation as a whole achieving a minimum 15% per annum compound growth in the value of the corporation. The value will be determined through a Board approved valuation model.

Short-term Obligations

Liabilities for wages and salaries, including annual leave and long service leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

The liabilities for annual leave and long service leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Other Long-term Employee Benefit Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on government bonds with terms and currencies that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the Statement of Financial Position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

(h) Rounding

All values reported in the financial statements have been rounded to the nearest thousand dollars under class order 98/100 issued by the Australian Securities and Investment Commission, except where otherwise stated.

(i) Financial Liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

(j) Cash and Cash Equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and deposits held at call with banks.

Notes to the Financial Statements

for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the Corporation, and revenue can be reliably measured. Administration fees and other revenue are recognised as revenues when services have been provided and it is probable that economic benefits will transfer to the Corporation. Project revenue is recognised when services have been provided, measured on the percentage completed and on an accrual basis. Interest is recognised on an accrual basis.

All revenue is stated net of the amount of applicable goods and services tax (GST).

(l) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the Corporation prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid in line with agreed terms. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised at their fair value.

(m) Trade and Other Receivables

Trade receivables and other receivables are recorded at amounts due, less any impairment. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Corporation will not be able to collect all amounts due according to the original terms of the receivables.

The amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expense in the Statement of Profit or Loss and Other Comprehensive Income.

(n) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of associated goods and services tax (GST), except:

- (i) where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an item or as part of an item of expense; or
- (ii) for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of the receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows with the amount of associated goods and services tax.

(o) Leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Corporation as lessee are classified as operating leases. Payments made under operating leases (net of any incentive received from the lessor) are charged to profit or loss on a straight-line basis over the period of lease. The Corporation does not have any finance leases.

(p) Lease Incentives

Lease incentives for leased property are accounted for as a liability and are amortised on a straight line basis over the lease term in accordance with AASB Interpretation 115 Operating Leases – Incentives.

Notes to the Financial Statements for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Tenancy Make Good Provision

Tenancy make good expenses are recognised as a liability. The amount is reviewed each year. The full make good amount has been provided for in relation to the properties cost per square metre and discounted each year in accordance with the 10 year bond rate.

(r) Impairment of Assets

Assets are reviewed for impairment at each reporting date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely dependent on the cash flows from other assets of the groups of assets (cash generating units). Non financial assets that suffered impairment are reviewed for possible reversal of previous impairment losses at each reporting date.

(s) Operational Risk Reserve

An operational risk reserve was established to support the level of risk in dealing with clients and is specifically to cover operational risk events (e.g. error or omission) where the Corporation is liable for compensation to a member, investor, superannuation fund or managed investment scheme as a result of that operational risk event. To ensure that the reserve operates on principles of disclosure, transparency, accountability & data retention, the business units where the operational risk event occurs are to meet the cost of any compensation claim in proportion to their involvement. These principles are consistent with a culture of managing risk and continuous improvement (e.g. reviewing and improving processes) which are essential to reducing the risk of losses arising from operational risk events.

(t) New Accounting Standards Adopted

The corporation has adopted all new standards on issue effective for the financial year. There was no material impact as a result of adoption of these standards.

(u) New Accounting Standards Issued but not yet Effective

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. We have reviewed all of the new accounting standards, and the following are those that are expected to affect the corporation:

AASB 9 Financial Instruments

The revised AASB 9 incorporates the IASB's completed work on Phase 1 of its project to replace IAS 39 Financial Instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement) on the classification and measurement of financial assets and financial liabilities. In addition, the IASB completed its project on derecognition of financial instruments.

The Standard includes requirements for the classification and measurement of financial instruments, as well as recognition and derecognition requirements for financial instruments. AASB 9 (issued in 2009) only included requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace IAS 39 (AASB 139).

Notes to the Financial Statements

for the year ended 30 June 2013

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

(u) New Accounting Standards Issued but not yet Effective (continued)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements [AASB 124]

This Standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures.

These amendments arise from a decision of the AASB to remove the individual key management personnel (KMP) disclosures from AASB 124 on the basis they:

- are not part of International Financial Reporting Standards (IFRSs), which include requirements to disclose aggregate (rather than individual) amounts of KMP compensation;
- are not included in New Zealand accounting standards and, accordingly, their removal is consistent with meeting the 2010 Outcome Proposal of the Australian and New Zealand governments that for-profit entities are able to use a single set of accounting standards and prepare only one set of financial statements;
- are considered by the AASB to be more in the nature of governance disclosures that are better dealt with as part of the *Corporations Act 2001*;
- were originally included in AASB 124 when fewer similar disclosure requirements were included in the *Corporations Act* and, in many respects, relate to similar disclosure requirements currently in that Act and therefore detract from the clarity of the requirements applying in this area; and
- could be considered (during the transition period for this Amending Standard) for inclusion in the *Corporations Act* or other legislation to the extent they presently go beyond the requirements in legislation and are considered appropriate in light of government policy.

Management have reviewed these standards and no material impact is expected on the financial statements. The changes are expected to be relating to disclosures in the financial statements.

(v) Dividends

Dividends payable to the NSW Treasury are set at a target of 70% (70% 2012) of the profit after income tax expense.

AUDITED FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2013

2. PROFIT / (LOSS) FOR THE YEAR

(a) REVENUE

Operating Activities

Administration fees	74,288	65,934
Project revenue	10,387	11,243
Other operating revenue	1,452	1,460
Total Operating Activities	86,127	78,637

Other Income

Interest revenue – other corporations	62	196
	62	196

Total Revenues

86,189	78,833
---------------	---------------

(b) EXPENSES

Employee Related Expenses

Salaries and wages	51,271	49,605
Redundancies	772	226
Provision for employee benefits	4,618	4,524
Superannuation contributions	4,749	4,948
Total Employee Benefit Expenses	61,410	59,303

Depreciation and Amortisation Expense

Intangibles	777	1,065
Computer equipment	878	667
Other property, plant and equipment	476	424
Total Depreciation and Amortisation	2,131	2,156

Other Expenses

Communications	1,180	999
Postage	889	936
Insurance	377	290
Printing	236	247
Stationery	102	135
Operating lease – minimum lease payments	326	253
Loss on disposal of fixed assets	92	-
Audit fee	76	94
Doubtful debts	415	25
Sundry administration expenses	378	787
Total Other Expenses	4,071	3,766

Auditors Remuneration

Remuneration of the auditor of the corporation for:

Audit and review of financial report	70	68
Total Auditors Remuneration	70	68

Notes to the Financial Statements

for the year ended 30 June 2013

3. INCOME TAX

(a) Income tax expense:

Current tax expense/ (benefit)

Non-deductible expenses

R & D claim

Deferred tax – origination and reversal of temporary differences

(Over)/Under provision of income tax in previous year

Total Current Income Tax Benefit

Deferred tax included in income tax expense comprises:

Increase in deferred tax assets

Increase/(decrease) in deferred tax liabilities

Deferred tax – origination and reversal of temporary differences

(b) Deferred Tax Assets

The balance comprises temporary differences attributable to:

Employee benefits

Accrued expenses

Other provisions

Total Deferred Tax Assets

(c) Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Amounts recognised direct to Statement of Profit or Loss and Other Comprehensive Income:

Fixed assets

Accrued interest income

Amounts recognised directly in equity:

Revaluation of property

Total Deferred Tax Liability

2013 \$'000	2012 \$'000
----------------	----------------

644	(836)
-----	-------

3	8
---	---

(503)	(209)
-------	-------

(179)	(199)
-------	-------

20	-
----	---

(15)	(1,236)
------	---------

(40)	(35)
------	------

(139)	(164)
-------	-------

(179)	(199)
-------	-------

1 July 2012	Charged to income	30 June 2013
\$'000	\$'000	\$'000
2,697	54	2,751
231	15	246
289	(29)	260
3,217	40	3,257

79	(140)	(61)
2	1	3

1,352	(152)	1,200
1,433	(291)	1,142

AUDITED FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2013

4. TRADE AND OTHER RECEIVABLES

Current

	NOTE	2013 \$'000	2012 \$'000
Trade receivables		11,136	13,281
Less: Provision for impairment of receivables		(230)	(624)
		10,906	12,657
Carried forward tax losses		663	827
Other receivables		176	92
		11,745	13,576

Movements in the provision for impairment of receivables

Opening balance at 1 July 2012		(624)	(854)
Additional provisions recognised		(100)	86
Receivables written off during the year as uncollectable		494	144
Closing balance		(230)	(624)

5. OTHER ASSETS

Current

Prepayments		1,501	1,035
-------------	--	-------	-------

6. PROPERTY, PLANT AND EQUIPMENT

Land and Buildings

At 1 July			
Gross carrying amount	1(d)	10,278	10,275
Less accumulated depreciation		(155)	-
Net carrying amount		10,123	10,275

At 30 June			
Gross carrying amount	1(d)	9,468	10,278
Less accumulated depreciation		(24)	(155)
Net carrying amount		9,444	10,123

If freehold land and buildings were stated at historical cost basis, the amounts would be as follows:

At cost		5,091	5,091
Accumulated depreciation		(447)	(400)
		4,644	4,691

Computer Equipment:

At 1 July			
Gross carrying amount		14,862	13,413
Less accumulated depreciation		(12,776)	(12,171)
Net carrying amount		2,086	1,242

At 30 June			
Gross carrying amount		5,178	14,862
Less accumulated depreciation		(3,379)	(12,776)
Net carrying amount		1,799	2,086

Notes to the Financial Statements

for the year ended 30 June 2013

6. PROPERTY, PLANT AND EQUIPMENT (continued)

Plant and Equipment:

At 1 July

Gross carrying amount

Less accumulated depreciation

Net carrying amount

At 30 June

Gross carrying amount

Less accumulated depreciation

Net carrying amount

Total computers and other plant and equipment

Total Property, Plant and Equipment

Movements in Carrying Amounts

Land and Buildings:

Balance at beginning of the year

Revaluation decrement

Additions

Depreciation expense

Carrying amount at the end of the year

Computer Equipment:

Opening balance

Additions

Reclassification

Depreciation expense

Carrying amount at the end of the year

Other Plant and Equipment:

Opening balance

Additions

Reclassification

Disposals

Depreciation expense

Carrying amount at the end of the year

Valuation of Land and Buildings

The buildings were revalued on 30 June 2013 based on independent assessments by Opteon.

	2013 \$'000	2012 \$'000
Plant and Equipment:		
At 1 July		
Gross carrying amount	6,452	6,027
Less accumulated depreciation	(5,015)	(4,748)
Net carrying amount	1,437	1,279
At 30 June		
Gross carrying amount	6,413	6,452
Less accumulated depreciation	(5,054)	(5,015)
Net carrying amount	1,359	1,437
Total computers and other plant and equipment	3,158	3,523
Total Property, Plant and Equipment	12,602	13,646
Movements in Carrying Amounts		
Land and Buildings:		
Balance at beginning of the year	10,123	10,275
Revaluation decrement	(507)	-
Additions	-	3
Depreciation expense	(172)	(155)
Carrying amount at the end of the year	9,444	10,123
Computer Equipment:		
Opening balance	2,086	1,242
Additions	588	1,511
Reclassification	3	-
Depreciation expense	(878)	(667)
Carrying amount at the end of the year	1,799	2,086
Other Plant and Equipment:		
Opening balance	1,437	1,279
Additions	310	427
Reclassification	8	-
Disposals	(92)	-
Depreciation expense	(304)	(269)
Carrying amount at the end of the year	1,359	1,437

AUDITED FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2013

7. INTANGIBLE ASSETS

	2013 \$'000	2012 \$'000
At 1 July		
Gross carrying amount	25,671	25,471
Less accumulated depreciation	(24,477)	(23,413)
Net carrying amount	1,194	2,058
At 30 June		
Gross carrying amount	25,927	25,671
Less accumulated depreciation	(25,254)	(24,477)
Net carrying amount	673	1,194
Movements in Carrying Amounts		
Balance at beginning of the year	1,194	2,058
Additions	256	201
Amortisation expense	(777)	(1,065)
Carrying amount at the end of the year	673	1,194

8. TRADE AND OTHER PAYABLES

Current unsecured liabilities		
Trade payables	3,144	3,059
GST payable	1,115	1,121
	4,259	4,180

Notes to the Financial Statements

for the year ended 30 June 2013

9. PROVISIONS

Current

Annual Leave

Provision at beginning of the year	3,713	3,346
Additional provisions raised during the year	3,978	3,702
Amounts used	(4,158)	(3,335)
Carrying amount at reporting date	3,533	3,713

Long Service Leave

Provision at beginning of the year	2,387	3,003
Additional provisions raised during the year	1,218	822
Amounts used	(592)	(1,438)
Carrying amount at reporting date	3,013	2,387

Employee Incentive Scheme Provision

18

Provision at beginning of the year	185	1,378
Additional provisions raised during the year	223	60
Amount transferred to non current provision during the year	-	(216)
Amounts used	-	(1,037)
Carrying amount at reporting date	408	185

Declared dividend

Provision at beginning of the year	-	2,663
Additional provisions raised during the year	1,096	-
Amounts used	-	(2,663)
Carrying amount at reporting date	1,096	-

Tax Provision

Tax Provision at beginning of the year	-	1,390
Additional provisions raised during the year	-	-
Tax paid	-	(1,390)
Carrying amount at reporting date	-	-

Provision for Tenancy Make-Good

Tenancy make-good costs at beginning of the year	-	195
Amount transferred from/(to) non current provision during the year	96	(195)
Carrying amount at reporting date	96	-

Lease Incentives

Unamortised incentives at beginning of the year	33	-
Amount transferred from non current provision during the year	32	65
Amounts amortised	(33)	(32)
Carrying amount at reporting date	32	33

Total Current Provisions

8,178	6,318
--------------	-------

AUDITED FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2013

9. PROVISIONS (continued)

Non-Current

Employee Incentive Scheme Provision

NOTE	2013 \$'000	2012 \$'000
Provision at beginning of year	216	-
Additional provisions raised during the year	-	216
Unused amounts reversed	(134)	-
Carrying amount at reporting date	82	216

Long Service Leave

Provision at beginning of year	2,488	1,391
Additional provisions raised during the year	-	1,097
Unused amounts reversed	(355)	-
Carrying amount at reporting date	2,133	2,488

Lease Incentives

Unamortised Incentives at beginning of year	32	97
Amount transferred to current provision during the year	(32)	(65)
Carrying amount at reporting date	-	32

Provision for Tenancy Make-Good

Tenancy make-good costs at beginning of year	262	67
Additional provisions recognised during the year	48	-
Amount transferred (to)/from current provision during the year	(96)	195
Carrying amount at reporting date	214	262

Total Non-Current Provisions

	2,429	2,998
--	-------	-------

Total provisions

	10,607	9,316
--	--------	-------

Total employee benefit provision

	9,169	8,989
--	-------	-------

Total employee numbers

	684	719
--	-----	-----

Employee entitlements for annual and long service leave include short-term benefits (expected to be settled no later than 12 months after 30 June 2013) and long-term benefits (expected to be settled after more than 12 months) as follows.

Short-term

Annual leave		2,826	2,970
Long service leave		619	507
Employee incentive scheme	18	300	185
		3,745	3,662

Long-term

Annual leave		707	743
Long service leave		4,528	4,368
Employee incentive scheme	18	190	216
		5,425	5,327

Notes to the Financial Statements

for the year ended 30 June 2013

10. EQUITY

The *State Owned Corporations Act 1989* requires the Corporation to have two voting shareholders; the Treasurer and another Minister.

Shares in the Corporation as at 30 June 2013 were held by the Hon. Michael Baird MP, Treasurer and Minister for Industrial Relations, and the Hon. Andrew Stoner MP, Deputy Premier, Minister for Trade and Investment, and Minister for Regional Infrastructure and Services. The total contributed equity at balance date was 2 shares with a value of \$3,000,000 each.

	NOTE	2013 \$'000	2012 \$'000
Issued Capital			
Balance at beginning of the reporting period		6,000	6,000
Add/less movement		-	-
Carrying amount at the end of the reporting period		6,000	6,000
Reserves			
<i>Asset revaluation reserve</i>			
Balance at beginning of the reporting period		3,158	3,158
Revaluation decrement	1(d)	(355)	-
Carrying amount at the end of the reporting period		2,803	3,158
<i>Operational risk reserve</i>			
Balance at beginning of the reporting period		4,000	4,000
Add/less movement	1(s)	-	-
Carrying amount at the end of the reporting period		4,000	4,000
Total reserves at the end of the reporting period		6,803	7,158
Retained Earnings			
Balance at beginning of the reporting period		7,150	9,362
Current year profit / (loss)		1,565	(2,212)
Dividend declared		(1,096)	-
Carrying amount at the end of the reporting period		7,619	7,150
11. CAPITAL AND LEASE COMMITMENTS			
		2013 \$'000	2012 \$'000
Operating Lease Commitments			
Commitments in relation to operating leases contracted for at the reporting date but not provided for in the financial statements (including GST):			
Payable - minimum lease payments			
- not later than one year		2,494	2,057
- greater than one year and less than five years		2,411	1,263
- greater than five years		-	-
		4,905	3,320

Payable - minimum lease payments

- not later than one year

- greater than one year and less than five years

- greater than five years

Included in the lease commitments are non-cancellable leases with terms between one and a half years and five years. These leases also provide the Corporation with an option to renew for up to four years. Rent is payable monthly in advance.

Capital Commitments

The Corporation has no capital commitments at the reporting date (2012:\$0).

AUDITED FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2013

12. RELATED PARTIES

(a) Directors and Key Management Personnel

The names of the Board Members of the Corporation in office during the year ended 30 June 2013 and up to the date of signing these financial statements are as follows:

Directors:

Mr N. Johnson (appointed 1 April 2013)

Dr. C. Gellatly (up to date 28 March 2013)

Mr A. Kerslake

Mr N. Davis

Mr P. Small

Mr N. Smyth (appointed 1 July 2013)

Ms P. Azarias (appointed 1 July 2013)

Mr P. Beck (CEO) (up to date 1 April 2013 and on leave from 10 December 2012 to 1 April 2013)

Mr P. Cormack (Acting CEO) (appointed 10 December 2012 to 26 April 2013)

Mr P. Brook (Managing Director & CEO) (appointed 30 May 2013)

In addition to the Directors and CEO disclosed above, the names of the Key Management Personnel of the Corporation in office during the year ended 30 June 2013 and up to the date of signing these financial statements are as follows:

Ms J. Byrne	- Executive General Manager Corporate & Quality
Mr B. Morris	- Compliance Manager
Mr G. Giesekam	- Executive General Manager Finance
Mr G. Cox	- Chief Operating Officer (up to date 27 February 2013)
Mr C. Woodward	- Executive General Manager – Operations (from 28 February 2013)
Ms F. Abbas	- Executive General Manager HR
Mr J. Vohradsky	- Executive General Manager IT
Mr C. Richards	- Acting Executive General Manager Client Services (from 15 April 2013)

(b) Compensation of Directors and Key Management Personnel

Short term benefits – (salaries, directors fees, bonuses)
Post employment benefits - superannuation
Termination benefits

2013 \$000	2012 \$000
2,046	2,241
161	270
-	-
2,207	2,511

The Managing Director is a Board Member and does not receive a separate fee for serving as a Director.

Notes to the Financial Statements

for the year ended 30 June 2013

13. ECONOMIC DEPENDENCY

The majority of the Corporation's business revenue 65% (67% 2012) comes from two public sector clients.

14. FINANCIAL INSTRUMENTS RISK MANAGEMENT

Capital Risk Management

The Corporation manages its capital to ensure it will be able to continue as a going concern while maximising the return to shareholders through optimal use of the capital. The Corporation did not have any debt for the years ended 30 June 2013 and 30 June 2012. The Corporation is required under its Australian Financial Services Licence to maintain a minimum cash level of \$100,000. At no time during the current financial year was this amount breached. Daily monitoring is carried out to ensure appropriate levels are maintained.

Credit Risk (Counterparty Risk)

Credit (or Counterparty) risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation and cause the Corporation to incur a financial loss.

The Board approved Treasury Management Policy prescribes surplus cash to be invested with major Australian banks, who currently hold a AA credit rating. The other material financial asset is receivables from superannuation fund trustee clients. There is no material risk that the receivables may be impaired as the trustees are either licensed by the Australian Prudential Regulation Authority (APRA) or appointed by the NSW Government.

Liquidity Risk

Liquidity risk refers to the situation where the Corporation may not be able to meet its financial obligations when they fall due. The Corporation has steady cash inflow from contracted services with trustees and manages its liquidity by annual budgeting and rolling 3 months cash flow forecast. In accordance with Board policy the Corporation invests its surplus cash in bank deposits to ensure adequate liquidity.

The following tables summarise the past due but not impaired profile of the Corporation's accounts receivable.

Year ended 30 June 2013	Less than 3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)	Total (\$'000)
Accounts receivable	2,367	-	-	2,367
	2,367	-	-	2,367
Year ended 30 June 2012	Less than 3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)	Total (\$'000)
Accounts receivable	2,903	703	-	3,606
	2,903	703	-	3,606

Accounts receivable excludes statutory receivables and prepayments.

The following tables summarise the maturity profile of the Corporation's financial liabilities. The carrying amount equals the cash outflows.

Year ended 30 June 2013	Less than 3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)	Total (\$'000)
Accounts payable	3,144	-	-	3,144
	3,144	-	-	3,144

AUDITED FINANCIAL STATEMENTS

Notes to the Financial Statements for the year ended 30 June 2013

14. FINANCIAL INSTRUMENTS RISK MANAGEMENT (continued)

Year ended 30 June 2012	Less than 3 months (\$'000)	3 months to 1 year (\$'000)	1-5 years (\$'000)	Total (\$'000)
Accounts payable	3,059	-	-	3,059
	3,059	-	-	3,059

Accounts payable excludes statutory payables and unearned revenue.

Interest Rate Risk

The Corporation has call deposits with banks which are influenced by the official cash rate as declared by the Reserve Bank of Australia. A movement in interest rates of 1.5% on the closing balance for the entire year would impact the profit / (loss) before tax by \$99,787 (2012: \$38,533).

Other Market Risks

The Corporation does not have material exposure to foreign currency or other price risks.

15. CASH FLOW INFORMATION

	2013 \$'000	2012 \$'000
(a) Reconciliation of Cash		
Cash at bank and on hand	6,652	2,569

Call deposits with banks at current bank deposit rates. The effective interest rate earned for the year was 2.42% (2012:4.28%).

(b) Financing Facilities

The Corporation has a credit facility of \$5 million available. As at 30 June 2013, this facility had not been utilised (2012: nil).

Notes to the Financial Statements

for the year ended 30 June 2013

15. CASH FLOW INFORMATION (continued)

(c) Reconciliation of profit / (loss) after income tax to net cash flows from operating activities

Profit / (Loss) after income tax expense for the year

Non - cash flow adjustments:

Depreciation expense

Amortisation expense

(Gain)/Loss on disposal of plant and equipment

Changes in Assets and Liabilities:

(Increase)/decrease in assets:

Receivables

Other assets

Deferred tax assets

Increase/(decrease) in liabilities:

Trade creditors

GST payable

Provision for employee benefits

Provision for lease incentives

Provision for tenancy make good

Provision for claims

Provision for doubtful debts

Provision for income tax

Deferred tax liabilities

Net cash flows from operating activities

	2013 \$'000	2012 \$'000
Profit / (Loss) after income tax expense for the year	1,565	(2,212)
<u>Non - cash flow adjustments:</u>		
Depreciation expense	1,354	1,091
Amortisation expense	777	1,065
(Gain)/Loss on disposal of plant and equipment	92	-
	3,788	(56)
Changes in Assets and Liabilities:		
<u>(Increase)/decrease in assets:</u>		
Receivables	2,049	(2,365)
Other assets	(465)	(4)
Deferred tax assets	(40)	(35)
<u>Increase/(decrease) in liabilities:</u>		
Trade creditors	238	430
GST payable	(6)	-
Provision for employee benefits	179	(128)
Provision for lease incentives	(33)	(33)
Provision for tenancy make good	48	-
Provision for claims	100	(86)
Provision for doubtful debts	(494)	(144)
Provision for income tax	164	(2,217)
Deferred tax liabilities	(291)	(164)
	1,449	(4,746)
Net cash flows from operating activities	5,237	(4,802)

16. SUBSEQUENT EVENTS

The directors are not aware of any of the following events that have occurred prior to the signing of the financial report:

- (a) events providing additional evidence of conditions that existed at the reporting date, or events that reveal for the first time conditions that existed at the reporting date, or
- (b) other events occurring after the reporting date that are to be disclosed in compliance with Australian Accounting Standard AASB 110 'Events After the Reporting Period'.

17. CONTINGENT ASSETS AND LIABILITIES

At reporting date and up to the signing of these financial statements there are no known contingent assets or contingent liabilities (2012: \$0).

Notes to the Financial Statements for the year ended 30 June 2013

18. EMPLOYEE INCENTIVE SCHEMES

During the previous financial year the Board approved both a short term and long term incentive scheme to retain selected key management and align them with the long term strategic goals of the business. The schemes are dependent upon individual staff and the organisation as a whole achieving specific performance conditions.

Short Term Incentive Scheme

The short term incentive scheme is directly related to individuals who have achieved a specific minimum outcome in their individual scorecard results. The pool of funds is dependent on the annual profit of the corporation. An amount of \$300,000 has been set aside as at the reporting date (2012: \$0).

Long Term Incentive Scheme

The long term incentive scheme is a 4 year rolling program commencing on 1 July 2009. The program is dependent on the organisation as a whole achieving a minimum 15% per annum compound growth in the total shareholders return. The value will be determined through a Board approved valuation model. As at 30 June 2013 the corporation set aside a preliminary provision of \$189,918 (2012: \$401,000). The decrease in the provision for the current financial year is attributable to resignation of executive members during the financial year ended 30 June 2013.

— End of Financial Statements —

Part D

APPENDICES

Appendix 1 – Statistics about GIPA access applications	D2
Appendix 2 – Exemptions from reporting requirements.....	D5

Appendix 1 —

Statistics about GIPA access applicants

1 July 2012 to 30 June 2013

Table A: Number of applications by type of applicant and outcome*

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Media	0	0	0	0	0	0	0	0
Members of Parliament	0	0	0	0	0	0	0	0
Private sector business	0	0	0	0	0	0	0	0
Not for profit organisations or community groups	0	0	0	0	0	0	0	0
Members of the public (application by legal representative)	122	96	0	0	0	0	0	0
Members of the public (others)	113	105	0	1	0	0	0	0

* More than one decision can be made in respect of a particular access application. If so, a recording must be made in relation to each such decision. This also applies to Table B

Table B: Number of applications by type of application and outcome

	Access granted in full	Access granted in part	Access refused in full	Information not held	Information already available	Refuse to deal with application	Refuse to confirm/ deny whether information is held	Application withdrawn
Personal information applications*	235	201	0	1	0	0	0	0
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information and partly other	0	0	0	0	0	0	0	0

* A **personal information application** is an access application for personal information (as defined in clause 4 of Schedule 4 to the Act) about the applicant (the applicant being an individual).

Appendix 1 —

Statistics about GIPA access applicants

1 July 2012 to 30 June 2013

Table C: Invalid applications

Reason for invalidity	Number of Applications
Application does not comply with formal requirements (section 41 of the Act)	18
Application is for excluded information of the agency (section 43 of the Act)	0
Application contravenes restraint order (section 110 of the Act)	0
Total number of invalid applications received	18
Invalid applications that subsequently became valid applications	10

Table D: Conclusive presumption of overriding public interest against disclosure: matters listed in Schedule 1 to Act

	Number of times consideration used *
Overriding secrecy laws	1
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	48
Excluded information	1
Documents affecting law enforcement and public safety	0
Transport safety	0
Adoption	0
Care and protection of children	0
Ministerial code of conduct	0
Aboriginal and environmental heritage	0

* More than one public interest consideration may apply in relation to a particular access application and, if so, each such consideration is to be recorded (but only once per application). This also applies in relation to Table E.

Table E: Other public interest considerations against disclosure: matters listed in table to section 14 of Act

	Number of occasions when application not successful (3)
Responsible and effective government	1
Law enforcement and security	0
Individual rights, judicial process and natural justice	196
Business interests of agencies and other persons	0
Environment, culture, economy and general matters	0
Secrecy provisions	0
Exempt documents under interstate Freedom of Information legislation	0

Appendix 1 —

Statistics about GIPA access applicants

1 July 2012 to 30 June 2013

Table F: Timeliness

	Number of Applications
Decided within the statutory timeframe (20 days plus any extensions)	282
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	155
Total	437

Table G: Number of applications reviewed under Part 5 of the Act (by type of review and outcome)

	Decision varied	Decision upheld	Total
Internal review	0	0	0
Review by Information Commissioner*	0	0	0
Internal review following recommendations under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	0	0

* The Information Commissioner does not have the authority to vary decisions, but can make recommendations to the original decision-maker. The data in this case indicates that a recommendation to vary or uphold the original decision has been made by the Information Commissioner.

Table H: Applications for review under Part 5 of the Act (by type of applicant)

	Number of Applications for review
Applications by access applicants	0
Application by persons to whom information the subject of access application relates (see section 54 of the Act)	0

Appendix 2 — Exemptions from reporting requirements

Pillar, as a State owned corporation that competes for superannuation administration business with private sector organisations, has been determined by NSW Treasury to be an “in competition” entity for annual reporting purposes from the 2011/12 financial year onwards. Accordingly, Treasury has granted to Pillar various “in competition” annual reporting exemptions, pursuant to section 7(2) of the *Annual Reports (Statutory Bodies) Act 1984 (NSW)* and clause 19 of the *Annual Reports (Statutory Bodies) Regulation 2010 (NSW)*.

Details of the exemptions are set out below.

Note: In the following:

ARSBA means *Annual Reports (Statutory Bodies) Act 1984 (NSW)*.

ARSBR means *Annual Reports (Statutory Bodies) Regulation 2010 (NSW)*.

Requirement that Pillar is exempted from	Comment/Condition applicable to exemption
Budgets <ul style="list-style-type: none"> detailed budget for the year reported on (s. 7(1)(a)(iii) ARSBA) outline budget for next year (s. 7(1)(a)(iii) ARSBA); particulars of material adjustments to detailed budget for the year reported on (cl. 7 ARSBR). 	
Report of Operations Summary Review of Operations (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> narrative summary of significant operations; selected financial and other quantitative information associated with the administration of program or operations. Management and Activities (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> nature and range of activities; measure and indicators of performance; internal and external performance reviews; benefits from management and strategy reviews; management improvement plans and achievements; major problems and issues; major works in progress, cost to date, estimated dates of completion and cost overruns; reasons for significant delays etc to major works or programs. 	Exemption is subject to a condition. The condition is that comments and information relating to the “summary review of operations” are to be disclosed in a summarised form. <i>Pillar has provided information in Part A about our operations.</i> Exemption is subject to a condition. The condition is that comments and information relating to “management and activities” are to be disclosed in a summarised form. <i>Pillar has provided information in Part A about our management and activities.</i>
Research and Development (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> completed research including resources allocated; continuing research and development activities, including resources allocated, unless that information could adversely affect operations.	
Human Resources (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> number of employees by category and comparison to prior three years; exceptional movements in employee wages, salaries or allowances; personnel policies and practices industrial relations policies and practices. 	

Appendix 2 — Exemptions from Reporting Requirements

Requirement that Pillar is exempted from	Comment/Condition applicable to exemption
Consultants (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> for each engagement costing greater than \$50,000: <ul style="list-style-type: none"> name of consultant; title of project; actual cost; for each engagement costing less than \$50,000: <ul style="list-style-type: none"> total number of engagements; total cost; if applicable, a statement that no consultants were engaged. 	<p>Exemption is subject to a condition. The condition is that the total amount spent on consultants is to be disclosed along with a summary of the main purposes of the engagements.</p> <p><i>Pillar has provided information about each engagement of consultants, including the cost of each engagement and the total amount spent on consultants, in Part B.</i></p>
Land Disposal (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> list of properties disposed of during the year other than by public auction or tender that had a value of more than \$5 million, including the name of person acquiring the property and the proceeds from the disposal of the property; details of family and business connections between the purchaser and the person responsible for approving the disposal; statement giving reasons for the disposal; purpose/s for which proceeds were used; statement indicating that access to the documents relating to the disposal can be obtained under the GIPA Act. 	
Consumer Response (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> extent and main features of complaints; services improved/changes in responses to complaints/suggestions. 	<p>Exemption is subject to a condition. The condition is that comments and information relating to "consumer response" are to be disclosed in a summarised form.</p> <p><i>There were no complaints made to Pillar during 2012/13 that were not related to the superannuation funds and schemes that Pillar provides administration services for.</i></p> <p><i>Pillar reports details of the complaints received in relation to each fund or scheme that it administers to the trustee of the applicable fund or scheme. We provide information in Part B about the complaints made in relation to the public sector superannuation schemes that Pillar administers.</i></p>
Payment of Accounts (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> performance in paying accounts, including action to improve payment performance. 	<p>Statutory State owned corporations are not subject to the payment of accounts provisions in cl. 13 of the <i>Public Finance and Audit Regulation 2010</i>.</p>
Time for Payment of Accounts (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> reasons for late payments; interest paid due to late payments. 	<p>Statutory State owned corporations are not subject to the payment of accounts provisions in cl. 13 of the <i>Public Finance and Audit Regulation 2010</i>.</p>
Report on Risk Management and Insurance Activities (<i>Schedule 1 ARSBR</i>)	<p>Exemption is subject to a condition. The condition is that comments and information are to be disclosed in a summarised form.</p> <p><i>Pillar provides information about its risk management and insurance activities in Part A. Pillar, as a statutory State owned corporation, is also exempt from the requirement in Internal Audit and Risk Management Policy for the NSW Public Sector (TPP 09-05), to annually report compliance with the core requirements of the policy. It should be noted that Pillar does actually comply with the requirements of the policy.</i></p>
Disclosure of Controlled Entities (<i>Schedule 1 ARSBR</i>): <ul style="list-style-type: none"> details of names, objectives, operations and activities of controlled entities and measures of performance. 	<p>Exemption is subject to a condition. The condition is that the names of the controlled entities are to be disclosed along with a summarised disclosure of the controlled entities' objectives, operations and activities and measures of performance.</p> <p><i>Pillar does not control any entities.</i></p>
Investment Performance (cl. 12 ARSBR)	
Liability Management Performance (cl. 13 ARSBR)	

Index of legislative compliance

Access	A8
Changes to legislation	B2
Chairman's message	A2
Charter	A6
Chief Executive Officer's message	A4
Committees	B6
Complaints	B13
Consultants	B16
Disability Action Plan	A18
Discussion of activities and performance	A12 - A15
Directors	B4 - B7
Directors' Declaration	C4
Employees' leave entitlements	Part C
Equal Employment Opportunity	A16 - A19
Executive numbers	B10
Executive structure	B8 - B9
Executive remuneration	B10
Executive performance	B10
Financial Statements (and Notes)	Part C
Governance	B2 - B9
Government Information (GIPA)	B11 - B12
Government Information (GIPA) Statistics	Appendix 1
Grants to Non-Government Organisations	B16
Independent Audit Report	C2 - C3
Insurance	A22
Letter of submission	Contents
Management	B8 - B9
Multicultural Policies and Services Program	A17
Objectives	A6, A10, A13 - A14
Organisation chart	B3
Overseas visits	B16
Oversight	B2 - B9
Privacy Policy	B15
Public Interest Disclosures	B14
Report production details	B17
Risk management	A22
Waste Reduction & Purchasing Plan	A28
Workplace health and safety	A21

The logo for Pillar Administration. It features the word "pillar" in a large, black, lowercase sans-serif font. A small orange square is positioned above the first "i". To the right of "pillar", the word "administration" is written in a smaller, orange, lowercase sans-serif font.

pillar administration

ABN 80 976 223 967 AFS Licence number 245591

Address ■ Level 18, 83 Clarence Street Sydney NSW 2000
GPO Box 3887 Sydney NSW 2001

Telephone ■ 02 9238 5555 Fax ■ 02 9238 5272

Website ■ www.pillar.com.au