

Superannuation Administration Corporation trading as....



Pillar Administration

Annual Report 2010/11



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31 October 2011

The Hon. Gregory Pearce MLC
Minister for Finance and Services, and Minister for the Illawarra
Level 36, Governor Macquarie Tower
1 Farrer Place
SYDNEY NSW 2000

Dear Minister,

This is the twelfth Annual Report of the Superannuation Administration Corporation, which trades as Pillar Administration. We have pleasure in submitting it 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.

As in previous years the Corporation's primary business of superannuation administration was conducted profitably within a competitive environment.

The financial statements for 2010/11 which form part of the Annual Report have been submitted to and certified by the Auditor-General of New South Wales.

Yours sincerely,

Dr Col Gellatly
Chairman

Mr Peter Beck
Chief Executive Officer

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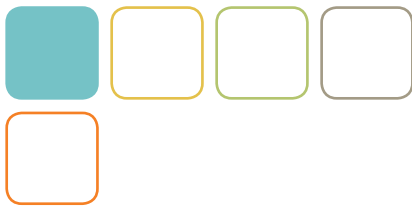
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Part A —

The Business



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Our Vision Mission and Values

During the year we developed our strategic plan for the three year period 2011–2014. As part of the planning process we reviewed Our Vision and Our Mission and re-affirmed Our Values. We also identified our Competitive Advantage as 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.

Our Vision To secure our future

Our Mission To become the preferred supplier of Business Process Outsourcing services

Our Values

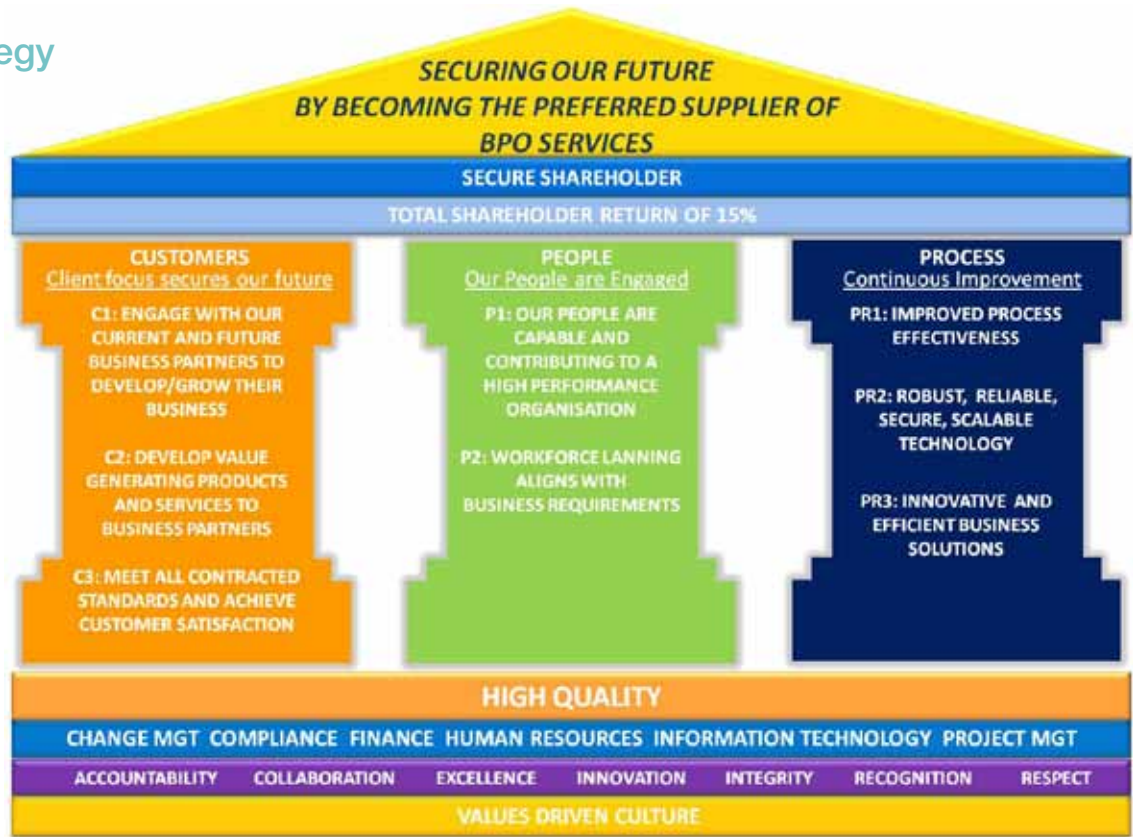
Accountability	We expect our clients to hold us accountable and measure us not only on specific measurable results, but also on our effort and commitment.
Collaboration	We recognise the importance of our strategic relationships and the benefits associated with open and direct communication channels.
Excellence	We are committed to a formal process of continuous improvement with specific reference to superior, cost effective solutions to benefit our partners.
Innovation	We expect and embrace change and understand that our ability to adapt is the key to creating and maintaining competitive advantage.
Integrity	We seek to align our behaviours with an agreed and clearly understood set of values consistent with our Vision and Mission.
Recognition	We promote the importance of both the individual and the team and acknowledge outstanding individual and team performances.
Respect	We build relationships with our clients based on mutual goodwill where both parties appreciate the intent and value of the contribution to each other's well-being and success.

Our Competitive Advantage is Operational Efficiency

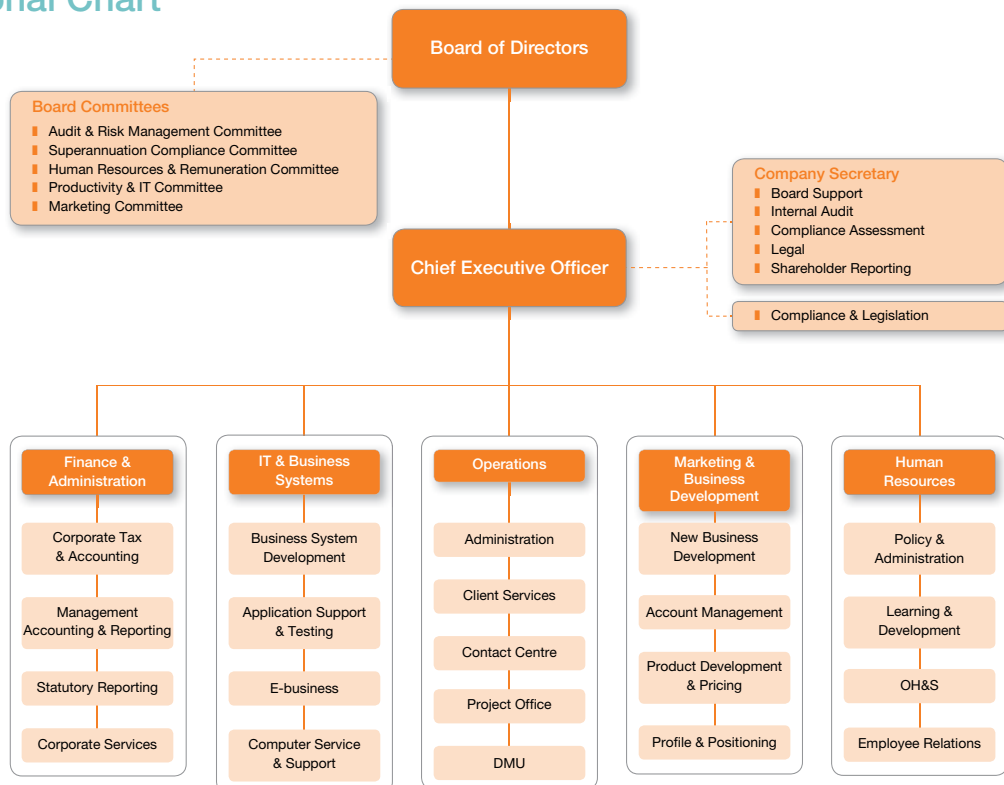




Our Strategy



Organisational Chart





About Pillar

The Superannuation Administration Corporation trading as **Pillar Administration** is a leading high volume, high value administrator of large superannuation funds and retirement income streams. 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 manage accounts for around 1.6 million superannuation members and retirees across 18 schemes whose assets total around \$60 billion.

Pillar Administration (ABN 80 976 223 967):

- provides superannuation administration and related services to both the public and private sectors;
- is a New South Wales statutory state owned corporation established by the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)*; and
- is governed by a Board of Directors that reports to Shareholding Ministers appointed under the *State Owned Corporations Act 1989 (NSW)*, and to a Portfolio Minister.

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 Administration presently provides such services to the trustees of superannuation funds.

Pillar may also provide administration and related services to financial service providers.

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.

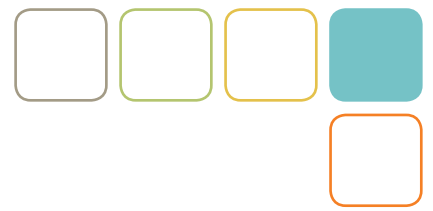
The services Pillar provides include:

- collecting and processing member and employer contributions;
- maintaining member, accounting and other fund records;
- processing claims and paying benefits including pensions;
- processing investment elections;
- answering member and employer inquiries through a Contact Centre and a Member Interview service, in accordance with contractual and Licence obligations;
- managing and developing fund websites that provide 24 hour-a-day information on member accounts;
- issuing member statements and literature;
- assisting employers;
- keeping trustees informed of details of administration activities and performance;
- interacting with custodians and other service providers;
- superannuation consultancy services for trustees; and
- where required, corporate services and fund secretariat services.

Pillar employs approximately 650 staff, the majority of whom are located in three adjoining buildings in Coniston NSW at 5 & 9 Old Springhill Road and 5 Bridge Street.

Pillar also has an office in the Sydney CBD located at 83 Clarence Street, Sydney NSW 2000

Pillar is proud to be an employer of choice in the Illawarra region and actively participates in the community life of the area.



The Chairman's Message



Change to Pillar's Governing Legislation

Pillar Administration is governed by the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)* and our principal functions are the development, promotion and conduct in the business of providing superannuation scheme administration and related services. Pillar presently provides such services to the trustees of superannuation funds.

On 29th November 2010, the Act was amended to expand the business functions that Pillar is able to perform. With this amendment, Pillar is now permitted to provide services outside of superannuation administration services, allowing us to grow our business in non-superannuation areas. The amendments are consistent with the NSW Government's intention to position Pillar as part of a regional 'hub' or centre of excellence in the Illawarra.

This change to Pillar's governing legislation positively reinforces our Vision "To secure our future" as it enables us to consider a similar range of strategic choices as enjoyed by others in our increasingly competitive environment.

New Premises for Pillar

This year, Pillar was able to fulfil our objective of locating all our Illawarra-based employees together on one campus. Our strategy began with the purchase of a site located adjacent to our National Service Centre from the Sydney Water Board in 2009. This was followed by an extensive redevelopment of the site using only local contractors and businesses, transforming a disused garage and maintenance depot to a state-of-the-art complex, housing 100 Pillar staff previously located in rented premises in the Wollongong CBD.

I was privileged to officiate at the opening ceremony of this new building on 24 February 2011 where Pillar's new site was given the name "Allowrie" to reflect the cultural significance associated with the indigenous owners of the land, the Allowrie people, and pays homage to their history.

The opening ceremony included an Aboriginal Smoking Ceremony performed by the Chairman of the Illawarra Aboriginal Land Council, Roy Kennedy, and also featured dancers from the Wadi Wadi Mixed Tribe performing an Aboriginal dance.

Ten years ago, Pillar relocated from the Sydney CBD to the Illawarra and we are now a major employer in the region. Our latest investment in the form of bricks and mortar clearly signals our continued commitment to the Illawarra region and its people.

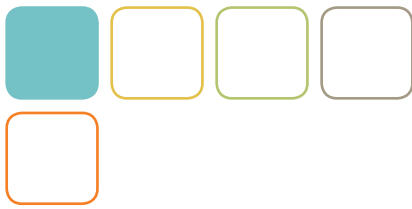
Legislative Changes to Superannuation

Following the recommendations released in the Super System Review (Cooper Review) in June 2010, the Federal Government responded with its "Stronger Super" reforms in December 2010.

The Government's reforms aim to make our superannuation system stronger and more efficient, and help to maximise retirement income for members.

Specifically, the Government will:

- create a new simple, low cost default superannuation product called 'MySuper';
- make the processing of everyday transactions easier, cheaper and faster, through the 'SuperStream' package of measures; and
- strengthen the governance, integrity and regulatory settings of the superannuation system, including in relation to self managed superannuation funds.



Together with the Government's commitment to increasing the superannuation guarantee to 12 per cent, Stronger Super aims to deliver a comfortable and secure retirement for current and future generations of Australians.

Being an administrator, Pillar will be impacted by all of these changes but will in particular be affected by the SuperStream measures, and in this regard, we have been involved in discussions and consultation with the industry and Treasury about its implementation, currently scheduled for July 2015.

Financial Performance

Finally, it is pleasing for me to report that Pillar made a profit of \$5.1 million (before tax) this year, an improvement on our previous year's profit of \$4.5 million. The investment we made in 2008 implementing a Continuous Improvement Program continues to reap benefits for Pillar's clients, staff and the NSW Government. All Pillar staff should be proud of their contributions towards this achievement.

In the 2011/12 year, the Board expects that Pillar will continue to achieve productivity gains, while focusing closely on quality measurement and improvement. This will help us to attract new business whilst maintaining high standards of service to existing clients.

The continued success of Pillar can only be achieved with the active engagement of staff and on behalf of the Board, I would like to thank all staff for their efforts and hard work in the past year.

Dr Col Gellatly
Chairman



The Chief Executive Officer's Review



Financial Performance

As mentioned by the Chairman, our continued focus on productivity this year has seen our profit increase from \$4.5 million to \$5.1 million. This increase in profit was underpinned by efficiency savings and a modest increase in revenue.

New Business

I am also delighted to report that during the year Pillar was successful in tendering for the administration contract for the Federal Government's Public Sector Superannuation accumulation plan (PSSap). PSSap is an open accumulation plan for Commonwealth public sector employees with over 100,000 members. We are very proud of this latest business win in an open tender for this business. It is a testament of our experience, commitment and expertise that Pillar was selected by the

Commonwealth for this important partnership. We welcome PSSap to the Pillar fold and look forward to a long and productive business relationship.

Another new business success for Pillar was a result of our client, First State Super merging with a Victorian based superannuation fund, Health Super. This merger will result in an additional 220,000 members under administration for Pillar. The combined First State Super and Health Super funds will be one of the largest superannuation funds in Australia with over \$28 billion in assets and 750,000 members. As First State Super's administrator, Pillar will play a major role in merging the administration of the two funds, due to be completed in mid 2012.

We continue to make inroads into the master trust segment of the superannuation marketplace. Another Pillar client, Aon Hewitt recently transitioned 5,000 members from the Allianz Australia Superannuation Fund to the Aon Master Trust, administered by Pillar.

These business wins were unfortunately tempered by the loss of two clients during the year – Media Super in January 2011 and SMERF in June 2011. We wish them well for the future. In addition, approximately 200,000 lost member accounts were transferred to the ATO, following a May 2009 Federal Budget announcement.

We will continue to look for new clients this year but we will also be looking for growth from our existing clients by helping them grow their membership and improve their services to members.

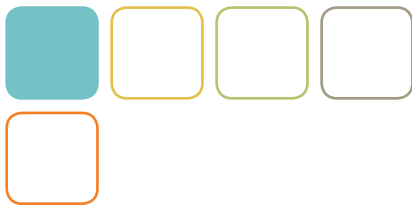
New Service

Following a successful trial, Pillar launched its Outbound Call Service in September 2010 to support our clients in their outbound call campaigns. Two of our clients have used this service for their member satisfaction and member retention strategies, and plans are underway to roll out this service to our other clients.

Management Structure

Pillar's management structure incorporates 4 clusters of executive managers reporting to the Chief Executive Officer:

- **Business Development** consists of the Marketing and Client Services teams, headed by the General Manager, Marketing & Business Development and General Manager, Client Services respectively. This group is supported by the Chief Operating Officer and Chief Financial Officer;
- **Service Delivery** consists of Information Technology, Project Management Office and Administration. The Administration unit itself consists of teams covering individual processes such as benefit payments



for defined benefit and accumulation funds, contributions processing, member maintenance, insurance underwriting and claims processing and e-business and employer services;

- **Support** consists of the Finance, Human Resources and Learning & Development teams; and
- **Corporate & Quality** brings together the secretariat legal, risk management, internal audit, compliance and quality assurance functions of the company.

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.

During 2010/11, we welcomed 4 new executives to the Pillar management team:

- Raul Arregui – General Manager, Project Management Office;
- Gerard Gieseckam – Chief Financial Officer;
- Gary Cox – Chief Operating Officer; and
- Mark Blair – General Manager, Marketing & Business Development.

All have extensive experience in the superannuation and financial services industries and have already contributed greatly to the organisation.

Continuous Improvement Program

Pillar continues to use the 'Management Tool Kit' to measure business performance in all Service Delivery business units: Administration, Contact Centre, Document Management Unit, Benefit Accounting, Information Technology and Project Management. The Management Tool Kit enables managers to successfully forecast and manage resources to match volumes and helps Pillar to attain Service Level objectives through forecasting peaks and troughs in activity. There has also been an improvement in productivity through accountability at the individual level and the reduction of the amount of time when staff are not productive. The significant improvements in productivity that were achieved in 2009/10 were maintained during 2010/11.

Quality Management

Productivity focus has become part of Pillar's culture and an emphasis on quality is now in place. A people quality project commenced in 2011 to measure individual output and improve capability where necessary. During the next year, a number of other initiatives to improve process, resources and systems will be implemented.

Pillar has been quality certified since 1999 under ISO 9001 Certification for the provision of superannuation administration services. In March 2011, we were recertified for another three years under the ISO 9001:2008 standard.

Project Management

The appointment of a new General Manager for the Project Management Office has had a significant positive impact for Pillar, with improvements made in the preparation of project business cases, project reporting and financial management of projects. Major projects completed this year included annual and half-yearly statements, BPay facilities, service level agreements reporting and fund transitions in and out of Pillar.



Information Technology & Systems

In 2010/11 Pillar's IT staff played a substantial role in the Virgin Super Transition and Data Rectification projects. There were further improvements in the e-business services we provide to our trustee clients, including:

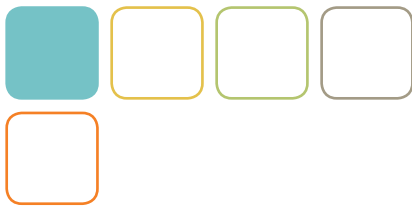
- the introduction of two-factor security checks for members;
- online B-pay functionality for First State Super members and employers;
- online investment switching functionality;
- the provision of e-statements online and online member annual statement history; and
- functionality for real-time online new member applications.

There has been significant development of a new Pillar Intranet using Sharepoint and this will be completed and launched in 2011/12. We are also in the process of implementing the foundation systems to support the Business Process Management (BPM) project which will progressively automate our operational activities.

Pillar's IT management continue to focus on the continuous improvement of project and process management, business continuity planning and IT cost effectiveness and our progress on these objectives is reported monthly to the Pillar Board. We will also continue in our efforts to rationalise the administration systems platforms that are used across the various superannuation funds we administer.

Finally, I endorse our Chairman's thanks to our staff for their hard work during the year. We will most likely face another challenging year but I am confident that Pillar, through its people, processes and technology will continue to deliver a secure future for our clients, our staff and our shareholders as we become a high performance company.

Peter Beck
Chief Executive Officer



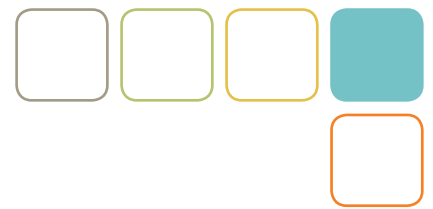
2010/11 Highlights

Financial Performance

	2009/10 \$'000	2010/11 \$'000	Change %	
Revenue	75,225	79,475	5.65	↑
Expenses	70,720	74,357	5.14	↑
Profit	4,505	5,118	13.61	↑
Total assets	40,052	41,401	3.37	↑
Total liabilities	18,089	18,881	4.38	↑

Clients @ 30 June 2011





- Administered 18 schemes across accumulation, pension and eligible rollover funds

Client	Accumulation	Allocated Pensions/ Pensions	Eligible Rollover Funds
AGEST	1	1	
Aon	1	1	1
Australian Ethical	1		
First State Super	1	1	
National Preservation Trust			1
Prime Super	1	1	
State Super	1	5	
Virgin Super	1		

Administration Activities

- Answered 500,033 phone calls
- Answered 115,819 pieces of written correspondence
- Processed \$3,581 million in contributions
- Processed \$6,951 million in benefit payments (includes regular pension payments)
- Mailed 2,555,703 annual and half-yearly statements
- Received 582,347 items of incoming mail
- Sent 1,443,351 items of outgoing mail



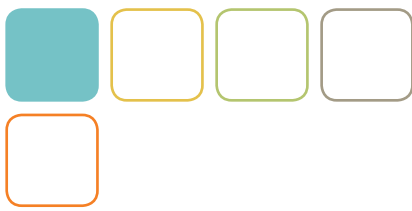
Our Achievements

2010/11 Achievements

Key Result Area	Performance Measures	Results
Finance	<ul style="list-style-type: none"> Team and individual scorecards in place 	<ul style="list-style-type: none"> Team scorecards in place and monitored quarterly
	<ul style="list-style-type: none"> Clear connection between scorecard and corporate value 	<ul style="list-style-type: none"> Measures targeted to drive value include revenue/FTE, unit cost per member and efficiency and utilisation
	<ul style="list-style-type: none"> \$6 million profit target met 	<ul style="list-style-type: none"> Profit of \$5.1 million
Client account management	<ul style="list-style-type: none"> Client reporting system implemented 	<ul style="list-style-type: none"> In place for one client
	<ul style="list-style-type: none"> Revised client engagement model in place 	<ul style="list-style-type: none"> Revised model implemented
	<ul style="list-style-type: none"> Increase client funded projects 	<ul style="list-style-type: none"> Revenue from client funded projects increased
Marketing and business development	<ul style="list-style-type: none"> Marketing plans ready for rollout 	<ul style="list-style-type: none"> Development of Marketing Strategy planned for 2011/12
	<ul style="list-style-type: none"> Negotiations completed for STC and underway for FTC 	<ul style="list-style-type: none"> Negotiations commenced with STC & subject to external review; FTC planned for 2011/12
	<ul style="list-style-type: none"> New services in place 	<ul style="list-style-type: none"> Single issue advice now available, waiting for client take up; rollover hub in development; CRMS and clearing house being investigated
	<ul style="list-style-type: none"> 2 new clients 	<ul style="list-style-type: none"> Aon/Allianz and PSSap; however also lost 2 clients: Media Super and SMERF
Administration - Operations	<ul style="list-style-type: none"> Errors and re-work reduced by 30% 	<ul style="list-style-type: none"> Error measures in place in 25% of admin teams
	<ul style="list-style-type: none"> Reduce operating cost by 10% 	<ul style="list-style-type: none"> Not achieved due to unplanned increases in volumes
	<ul style="list-style-type: none"> Process leaders operating effectively 	<ul style="list-style-type: none"> Process leaders identified and in place for training. Process leaders for breaches and improvements to be allocated
Administration – Contact Centre	<ul style="list-style-type: none"> Productivity improved by 10% 	<ul style="list-style-type: none"> Not achieved
	<ul style="list-style-type: none"> Outbound call service in place 	<ul style="list-style-type: none"> In place and used by 2 clients since September 2010.



Key Result Area	Performance Measures	Results
Information Technology	<ul style="list-style-type: none"> Established IT Projects Management Role & IT Business As Usual Program Co-ordinator 	<ul style="list-style-type: none"> Central IT group responsible for resource planning, IT governance, projects and testing planning established
	<ul style="list-style-type: none"> 10% productivity improvement 	<ul style="list-style-type: none"> Productivity has increased
	<ul style="list-style-type: none"> Skills Portfolio created and gaps identified – development plans in place. 	<ul style="list-style-type: none"> IT skills model in place; commenced cross skilling
	<ul style="list-style-type: none"> 10% reduction in BAU work 	<ul style="list-style-type: none"> Achieved
	<ul style="list-style-type: none"> Vendor Partnerships being established. 	<ul style="list-style-type: none"> Models and rules of engagement in place; staff working effectively
	<ul style="list-style-type: none"> Means of setting and achieving expectations improved via Project Management & Business as Usual Program of work; and via performance against agreed measures. 	<ul style="list-style-type: none"> Service catalogue defined; developing acceptable internal service level agreements
	<ul style="list-style-type: none"> IT bureau service ready to be offered 	<ul style="list-style-type: none"> 3 potential clients; working to develop options
Project Management	<ul style="list-style-type: none"> Projects meet business cases 	<ul style="list-style-type: none"> Programs of work for client strategies successfully implemented, delivered significant client value while contributing to > 50% of the overall project revenue.
	<ul style="list-style-type: none"> Benefit realisation occurs as per operational budgets 	<ul style="list-style-type: none"> Cost centres created for each program/ project, budget allocated and tracked at cost centre level monthly, however benefit realisation not achieved.



Key Result Area	Performance Measures	Results
People	<ul style="list-style-type: none"> Future state Learning & Development Vision created 	<ul style="list-style-type: none"> Plan complete
	<ul style="list-style-type: none"> L&D Strategy developed for next 3 years 	<ul style="list-style-type: none"> Technical Training plan commenced with “sign post” library being developed. Skills training for Business Analysts and Project Managers completed
	<ul style="list-style-type: none"> Analysis of current industrial landscape now being undertaken 	<ul style="list-style-type: none"> Planning for Enterprise Agreement completed; negotiations to commence mid July 2011
	<ul style="list-style-type: none"> Introduce performance rewards 	<ul style="list-style-type: none"> Performance rewards in place including Short term incentive payment system and Reward and Recognition policy.
	<ul style="list-style-type: none"> Energy audit complete 	<ul style="list-style-type: none"> Target rating is 3 star Nabors rating with plan to replace our current HVAC – awaiting the finalisation of our Green Funding application.
	<ul style="list-style-type: none"> Links with UOW maintained 	<ul style="list-style-type: none"> Links maintained
Quality / Compliance	<ul style="list-style-type: none"> Reduction in re work, breaches and complaints 	<ul style="list-style-type: none"> Some measures developed in administration
	<ul style="list-style-type: none"> Online knowledge base piloted 	<ul style="list-style-type: none"> Concept for knowledge base system agreed, implementation now planned for 2011/12
	<ul style="list-style-type: none"> Effective structure and processes in place 	<ul style="list-style-type: none"> Management of quality compliance and risk integrated
Risk management	<ul style="list-style-type: none"> Measures identified and baseline established 	<ul style="list-style-type: none"> Benchmarking yet to be developed
	<ul style="list-style-type: none"> Reduced risk exposure via improvements to contracts 	<ul style="list-style-type: none"> Included compliance cost cap in new contract
Corporate	<ul style="list-style-type: none"> Renew or replace Directors 	<ul style="list-style-type: none"> Unions NSW representative appointed as director; other renewals/ replacements still being considered
	<ul style="list-style-type: none"> Treasury satisfied with progress re transaction 	<ul style="list-style-type: none"> No transactional activity this year
	<ul style="list-style-type: none"> DII satisfied with progress 	<ul style="list-style-type: none"> No EOI outcome apart from widening of legislative charter



Looking forward, the focus for Pillar in 2011/12 is on the following inter-related goals:

- implement administration services for newly won clients;
- develop innovative new services;
- investigate opportunities to consolidate Pillar's position as the leading public sector superannuation provider
- continue the implementation of service, productivity and quality measurement in all areas;
- refine activity based pricing to allow for changing work volumes and membership growth;
- further develop balanced score card reporting down to individual levels and link to performance rewards;
- improve management of change particularly cost benefit analysis and delivery
- improve business process management and leadership;
- improve our financial and resource management;
- implement client profitability and value add measurement by introducing cost of capital;
- continue to recognise and reward high performance;
- develop and implement a needs based learning and development plan to improve the quality of our people;
- improve performance management to recognise and improve the quality of our people;
- renegotiate a modern award including performance pay to align with non-award conditions;
- improve communication down to team levels;
- refine our marketing and HR strategies.



Our Activities in 2010/11

Allowrie Building

As mentioned in the Chairman's Message, Pillar was able to fulfil our objective of locating all our Illawarra-based employees together on one campus this year.

In 2009, Pillar purchased a site located adjacent to our National Service Centre. This was followed by an extensive redevelopment of the site using only local contractors and businesses, transforming a disused garage and maintenance depot to a state-of-the-art complex.

This new site was given the name "Allowrie" to reflect the cultural significance associated with the indigenous owners of the land, the Allowrie people, and pays homage to their history.

The Allowrie was officially opened on 24 February 2011 and now houses 100 Pillar staff previously located in rented premises in the Wollongong CBD, therefore bringing all our Illawarra based staff to one campus.



Risk Management Award

In September 2010, Pillar was a winner in the NSW Treasury Managed Fund Risk Management Award. Pillar's entry in the Enterprise Risk Management Category covered the reinvigoration of risk management that has occurred in Pillar in recent years, starting with the review of our risk management policy and procedures, organisation-wide workshops to identify risk, and the selection and implementation of an on-line risk management system, GuardianERM.net.

In awarding Pillar the prize, the judges said, "Pillar shows a high level of commitment to the risk management process and its continuous improvement. Risk management is now part of job requirements and performance review and there is a very positive approach to communication risks amongst all senior managers."



Daniella Bozinovska (left) and Jane Byrne from Pillar, accepting their award from Mark Ronsisvale of NSW Treasury.

Illawarra Business Awards

The Illawarra Business Awards are one of the most recognised celebrations of business success and endeavour in the Illawarra. Pillar submitted an entry in the Professional and Commercial Category of these awards and was selected as a **Finalist**. The judging of these awards is a two-step process consisting of a written submission and a face-to-face interview with a judging panel. A contingent of Pillar staff attended the awards ceremony in November 2010 at the WIN Entertainment Centre in Wollongong. While Pillar did not win this award, our place on the finals list confirms our position as a leading business organisation in the Illawarra region.

Client Forum

We held our second Pillar Client Forum in November 2010 after receiving positive feedback from our client CEOs from the inaugural forum the year before. This year's Pillar Client Forum covered topics including single issue advice, insurance and change management, and concluded with an open forum between our clients and Pillar Executives and the Client Servicing team.



Event sponsorships

Pillar continues to sponsor selected events to maintain its profile in the superannuation marketplace. This year, our sponsorships included:

- Monthly ASFA Melbourne Luncheons;
- AIST Superannuation Administration Symposium held in Melbourne in August 2010;
- SuperRatings Day of Confrontation held in Melbourne in October 2010;
- ASFA National Conference Internet Stands held in Adelaide in November 2010; and
- Conference of Major Superannuation Funds (CMSF) held on the Gold Coast, Queensland in March 2011.

We believe these promotional activities have strengthened our brand in the superannuation marketplace.

Environmental Sustainability



L—R: David Allen, Claudia Cerroni and Jane Byrne from Pillar, with their Bronze Partner Sustainability Advantage award.

The key focus of our environmental sustainability program is to understand our environmental footprint and implement policies, targets and processes to reduce it.

Pillar employees have formed an extremely dedicated and enthusiastic Resource Efficiency Team (RET), which represents all levels and areas of the business in order to execute sustainability initiatives. The group is dedicated to three major

areas, being energy, transport and waste – all were identified as key improvements that could be achieved through sustainable initiatives. Each of the key areas have a member of the Executive Committee assigned to provide a support mechanism to the business in driving activities, and guidance and mentoring to members of the RET.

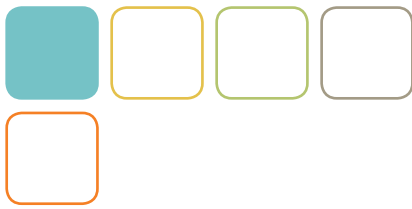
As a participant of the Sustainability Advantage Program, Pillar has completed the Vision, Commitment and Planning, Staff Engagement and Resource Efficiency Modules. The action plans, prioritisation processes and monitoring controls that were developed through participation in these modules are contributing to our overall action plans. This provides for immediate measurable outcomes in terms of sustainability but also encourage less tangible but equally important outcomes such as staff engagement.

In June 2011, Pillar was officially recognised as a Bronze Sustainability Advantage Partner for its environmental contribution through the Sustainability Advantage program. This program, conducted by the Department of Environment, Climate Change & Water, aims to strike a balance between benefits for the environment and society and economic costs.

Since joining the Sustainability Advantage Program, Pillar has gained management commitment towards sustainability, developed environmental performance indicators, engaged staff in activities and achieved reduced resources use – for example, diverting 18,300 litres of waste from landfill to worm farm organics. The RET waste plan also incorporates waste audits to identify and educate staff on how to effectively use our waste system.

After conducting surveys, Pillar's demographic sees a large proportion of staff drive to work. In saying this, our coastal locality also sees a number of keen cyclists who ride to and from work. Using our Bicycle Users Group (BUG) as a model, Pillar hosted a pledge breakfast during the year, which encouraged staff to pledge for a way to use sustainable methods of transport. In return, staff received a free range bacon and egg roll, cooked by our CEO and Executive team.

In order to recognise and actively work towards a more sustainable way of doing business, Pillar successfully completed a Level 2 Energy Audit through the Office of Environment and Heritage.



The audit studied energy consumption in Pillar's National Service Centre office and provided key recommendations (such as HVAC replacement, lighting upgrades and replacement of halogen lights) that has since become integrated with the RET energy plan.

A significant achievement from a staff engagement perspective on environmental saw the launch and overwhelming sale of the Pillar KeepCup in June 2010 – an initiative to help reduce the number of paper cups used. It was estimated that approximately 26,000 disposable cups were being used in our café. After reporting impact to employees, the Resource Efficiency team helped to combat this by sourcing and producing a KeepCup to change habits and allow for the 'BYO' principle in place in our café or after work.

Computer Bank Illawarra

Another activity undertaken by Pillar's Resource Efficiency Team and IT Department during the year was the donation of over 200 hardware peripherals to ComputerBank Illawarra, a non-profit organisation which restores computers for distribution to disadvantaged communities in the Illawarra region and abroad. This donation is consistent with Pillar's Environmental Sustainability strategic objective – instead of these items going into landfill, this was a great second chance opportunity for equipment to be given a new purpose beyond their initial use.



Pillar volunteers help ComputerBank load up their PCs (clockwise from top left): Joe Vidakovic, Brook Arnott, Paul Morgan, Danny Bosevski, Claudia Ceroni, Leanne Gregory and Cathie Williams.

As an extension of this environmental sustainability exercise, the Resource Efficiency Team arranged for a second collection, this time for staff to donate any unwanted computers from their homes. This was a chance for staff to clear out old computers taking up space in their homes, and have them recycled for a worthy cause.

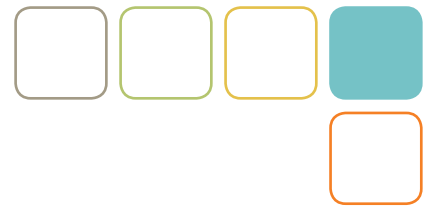
Internal Control and Risk Management

Pillar maintains an extensive internal control regime in order to minimise risks of control failures and to identify those that occur so that the underlying issues can be addressed. Pillar has an independent Audit and Risk Management Committee (ARMC) consisting of Directors of the Corporation. The Charter for the ARMC includes oversight of risk management. The internal audit function is outsourced to Deloitte Touche Tohmatsu (Deloitte), who report directly to the ARMC. The responsibility for the management of the system of internal controls and risks is with the Corporate and Quality group headed by the Company Secretary.

The internal audit regime includes six-monthly assurance audits 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 (GS007)* 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 for the six month period to 31 December 2010.

Each year Pillar's Risk Management and Quality Manager facilitates the review of all risk registers across the organisation through risk workshops with relevant staff and management. The applicable managers are invited to attend one of the ARMC's meetings to present their risk register and provide an update on any action plans that had been implemented in the past year or in progress.

Disaster recovery tests are conducted twice a year at an off-site location and those held in the past year were successful.



Corporate Scorecards

Pillar utilises a Corporate Scorecard to track and measure the success of our business and this is supported by individual Business Unit scorecards. We measure our performance in the following key areas:

- Customer
- People
- Process
- Change
- Finance

These measures are calculated quarterly and are reported to our Board and our staff. We have been using a Corporate Scorecard for two years now and have seen improvements in all areas we measure. We also revise our targets annually to ensure we continue to strive for improvements. To ensure performance is measured throughout the business, objectives aligned to our corporate scorecard are set at business unit, team and individual levels. These objectives are then linked into performance management, remuneration and incentive schemes.



Administration Snapshot

The principal function of Pillar is the provision of superannuation scheme administration services. In essence, this involves:

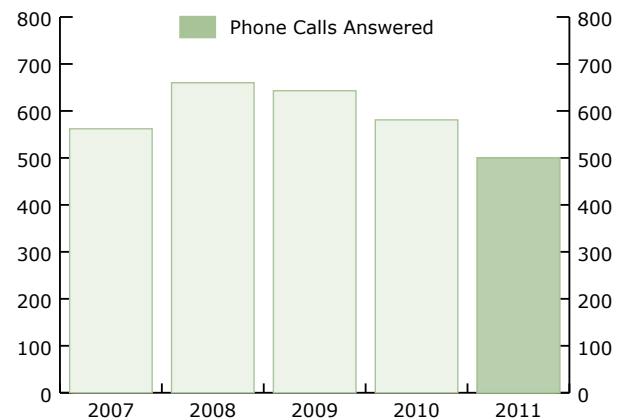
- collecting and processing contributions
- processing benefit payments
- answering telephone and mail enquiries
- issuing member statements and literature

The graphs below track these transactions and membership numbers over the past 5 years.

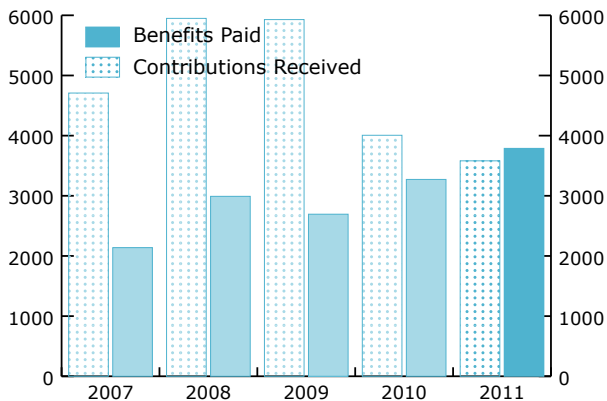
Membership



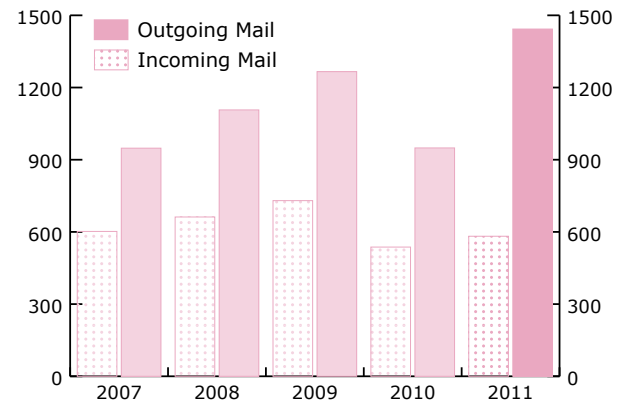
Phone Calls Answered

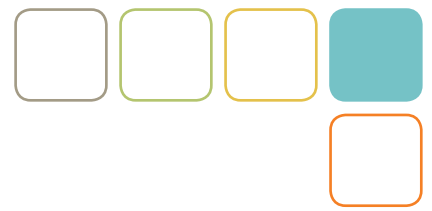


Contributions Received & Benefits Paid

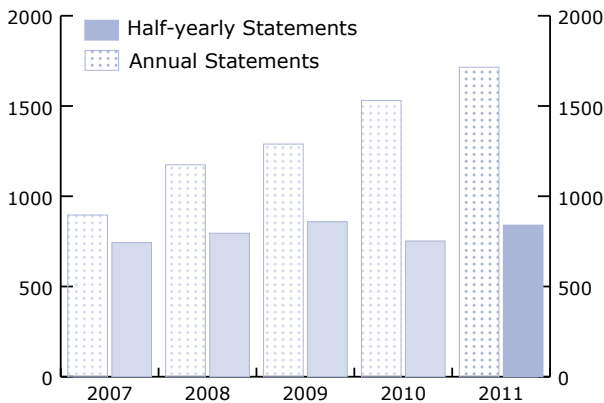


Written Correspondence Received & Sent

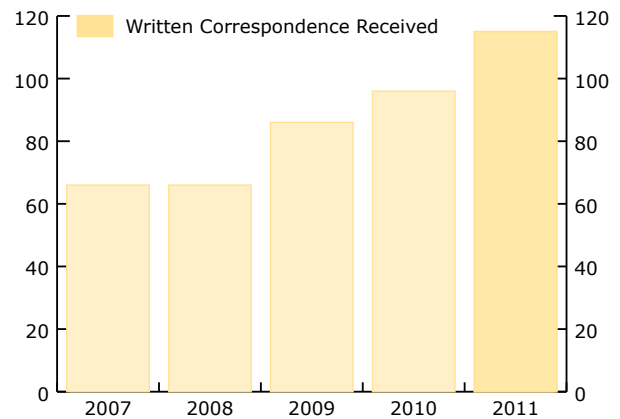




Statements Mailed



Mail Volumes



Our People and Our Community

Pillar Administration is a major employer in the Illawarra region and prides itself on its strong client focus and the competence of its people. Staff at Pillar receive comprehensive training, access to leading-edge technology, competitive employee benefits and a flexible working environment to help them achieve an optimum balance between their work and home lives.

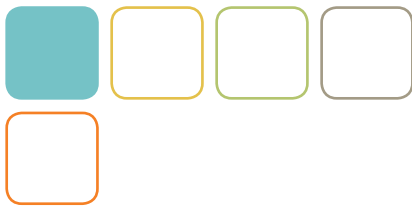
Pillar is committed to the ongoing development of its staff and provides opportunities for them to expand their current knowledge so they can grow and develop within the business. Pillar invests heavily in the training of our staff with a dedicated Learning and Development Team. In the previous 12 months, we have invested in more than 9,000 hours of training which reached more than 50% per cent of our staff. This training consists of internal development programs, externally facilitated programs, nationally accredited training leveraging state and federal schemes as well as best in class leadership and technical programs.

We conduct a staff engagement survey on a quarterly basis with the aim to measure various aspects of our culture. This allows the pro-active management of any issues and concerns and helps with staff retention.

The Pillar Reward & Recognition program recognises and celebrates the day-to-day contribution of individuals to overall organisational goals. This is consistent with Pillar's value of Recognition - *"We acknowledge and value the contribution and effort of all individuals who strive to achieve the Vision and Mission of the organisation by successfully meeting its goals."*

There are two levels of rewards – Level 1 rewards are at the discretion of Managers, while Level 2 rewards are sent to the Rewards & Recognition Committee for consideration. Level 2 rewards are awarded for significant and sustained performance over or outside normal job expectations. In the past financial year, a total of 80 staff have been awarded Level 1 rewards and 69 staff received Level 2 rewards.

Pillar continues to strengthen its relationship with the University of Wollongong through continued promotion and support of the University's graduate programs. Pillar staff take part in the University's career days and Pillar has continued to employ university students in part-time employment via the University Careers Office.



Our People and Our Community *(continued)*

Pillar in the Community

Warrigal Care Coniston Nursing Home

In October 2010, Pillar hosted a fundraising dinner which raised \$10,000 for the Warrigal Care Coniston Nursing Home, a high care facility that looks after 67 sick and elderly residents. Funds raised from this dinner were used to repaint rooms and purchase much needed equipment including a reverse cycle air conditioner, outdoor setting and television.

The fundraising dinner was attended by 145 Pillar staff and members of the community who came together for a night of fun and entertainment including dancers from the television show "So You Think You Can Dance".



David Allen, Peter Beck, and Daniella Bozinovska from Pillar Administration hand over a cheque for \$10,000 to Don Colquoun - Manager, Warrigal Care Coniston (2nd from right)

Christmas Donation to Aspect South Coast School

Pillar continued with our initiative of doing away with paper Christmas cards and designed our own Christmas e-card to send to our clients and suppliers by email. This year, the savings of \$1,500 achieved from this initiative were donated to Aspect South Coast School in Corrimal, a special school for children with autism. The school used our donation to purchase several Flip Cameras for the children to use in their social skills program.



Bruce Rowles (left), Principal of Aspect South Coast School accepting cheque from Pillar CEO Peter Beck.

Club Red Corporate Challenge

Pillar staff once again took part in the Club Red Corporate Challenge organised by the Australian Red Cross to encourage regular blood donations among business and community groups. Once again, Pillar won the Club Red trophy for the most blood donations in the Illawarra area. Thank you to all staff who donated blood to this very worthy cause. Special mention must go to Pillar staff member, John Williams who received an award from the Red Cross for his record 350 donations to date!



John Williams (right) accepting Pillar's Club Red Corporate Challenge trophy.



Salvation Army Blanket Drive

As the winter season approached, Pillar staff collected used blankets, throws, sleeping bags and doonas for the Salvation Army Winter Appeal. A total of 40 blankets and cash donations of \$640 from a mufti day was gratefully accepted by the Salvation Army who were down to their last few blankets in the local area.

ASFA Sydney Charity Golf Day

Pillar was one of two sponsors of the ASFA Sydney Charity Golf Day, held in February 2010. Over 70 players from the superannuation industry took part in the day to raise funds for the Humpty Dumpty Foundation which purchases medical equipment and supports children's services at over 100 children's hospitals across Australia and East Timor.



Super Review Charity Golf Day

The Super Review Charity Golf Day was held in March 2010 at Roseville Golf Club. Pillar was represented by Directors Philip Small and Noel Davis, CEO Peter Beck and General Manager Client Services, Chris Woodward who came 2nd in the competition.

Pillar has had a long association with this event which has benefited various charities over the years. This year, proceeds from the golf day were donated to victims of the tragic earthquake in Christchurch.



L—R: Philip Small, Noel Davis, Peter Beck, Chris Woodward.

Mothers Day Classic

Pillar was once again proud to sponsor the Canberra Mothers Day Classic for the fourth consecutive year. This event is organised by Women In Super, a national network of women in the superannuation and finance industries and has raised over \$7.8 million for the National Breast Cancer Foundation since 1998.

Staff Donations

During the year, staff donated to a variety of charities through participation in various activities including 'mufti days'. These charities included:

- Cancer Council Relay For Life
- Camp Quality
- Australia's Biggest Morning Tea
- St Vincent De Paul
- Jeans 4 Genes
- AusEE
- Legacy
- Salvation Army
- Surf Life Saving Australia
- Oxfam
- Breast Cancer Foundation

We thank Pillar staff for their generosity and enthusiastic participation in community life.

Part B —

Detailed Corporate Information



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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 amongst many other matters, the objectives of State owned corporations, the powers of Ministers and provisions for reporting.

The *Superannuation Administration Authority Corporatisation Act 1999 (NSW)* established the Superannuation Administration Corporation (“the Corporation”) 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.

Oversight of the Corporation by the NSW Government

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

Reporting as required by NSW legislation includes this Annual Report and the annual provision to the Shareholding Ministers of a Statement of Corporate Intent, supported by a confidential business plan, risk analysis and financial projections. These are complemented by quarterly reports on performance. The Corporation also provides this material to the Portfolio Minister.

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

The Portfolio Minister

The Portfolio Minister in terms of s. 20I of the *State Owned Corporations Act 1989 (NSW)* at 30 June 2011 was:

- the Hon. Greg Pearce, MLC, Minister for Finance & Services.

From July 2010 until 28 March 2011 the Portfolio Minister was Mr Michael Daley, MP, Minister for Finance.

The Shareholding Ministers

The Voting Shareholders of the Corporation in terms of s. 20H of the *State Owned Corporations Act 1989* at 30 June 2011 were:

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

From July 2010 until 28 March 2011 the Voting Shareholders were:

- the Hon. Eric Roozendaal, MLC, Treasurer; and
- the Hon. Carmel Tebbutt, MP, Deputy Premier and Minister for Health.



The Board

The Corporation's Board

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

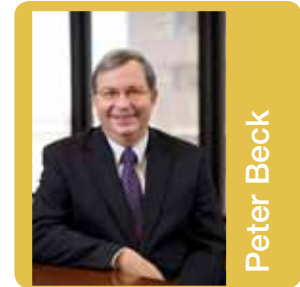
The Directors

The Board consists of at least three and no more than six non-executive Directors and the Chief Executive Officer. The Chairman is a non-executive Director. The Board meets at least monthly and monitors corporate performance and key issues through formal processes such as 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 the Corporation was appointed to the Board by the Voting Shareholders pursuant to clause 15.2 of the *Memorandum and Articles of Association* of the Corporation. In combination the non-executive Directors bring to the Board qualifications, skills and experience in, or relevant to, the superannuation and finance industries, private and public sector management, information technology and employee and industrial relations. The current Directors of the Corporation 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.

Dr Col Gellatly

BAGec (Hons) (UNE), MComm (Hons) (UNSW), PhD (NCSU), AO, Chairman of the Board and Chairman of the Board's Marketing & Business Development Committee; was formerly the Director General of the NSW Premier's Department, Director General of the NSW Department of Land & Water Conservation and Director General of the NSW Department of Industrial Relations, Employment, Training & Further Education. He also has extensive experience as chairman and member of numerous government



committees and boards. He is currently Chair of the Redfern Waterloo Authority, a member of the Board of State Water Corporation, Chair of the Sydney Metropolitan Development Authority and an Administrator for Wollongong Council. He was awarded an AO, Officer of the General Division in the 2008 Queen's Birthday Honours list for his services to the community as a leader in policy reform and administration in the NSW public sector. He is an ex officio member of the Board's Audit & Risk Management Committee.

Dr Gellatly was appointed as Chairman on 18 June 2007 and was re-appointed on 18 June 2010 for another three year term.

Peter Beck

Chief Executive Officer; is a successful financial services executive and director with general management experience in sales, marketing, product management, customer service, operations, finance, actuarial, information services, strategic planning and mergers and acquisitions. Peter is an actuary by profession and has spent 30 years in banking, insurance and investments working in Australia, New Zealand, Asia, South Africa and the United Kingdom. He was Group General Manager – Strategic Development and Group Appointed Actuary at Colonial where he was a director of many of Colonial's subsidiaries. At Colonial he had responsibility for the acquisitions of Legal & General, Prudential, Trust Bank of Tasmania and CMG Asia and the sales of Colonial UK and Colonial Limited.

Peter joined the Commonwealth Bank of Australia as General Manager – Investment Products where he had responsibility for all banking, investment and insurance products (excluding lending products), before becoming CEO of CommInsure, CBA's life and general insurance business. He provided consulting services to a range of clients outside of financial services for two years before he was appointed as Chief Executive Officer of the Corporation for a five year term effective from 2 April 2008. Peter was appointed as an independent Director of the Association of Superannuation Funds of Australia Limited from 2 April 2010.



Noel Davis



Glenys Roper



Philip Small



Adam Kerslake

Noel Davis

LLB, AAll, Chairman of the Board's Human Resources & Remuneration Committee; is a barrister practising in Sydney. He has had 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. He is a director of Trust Company Superannuation Services Limited and is chairman of its Audit, Risk & Compliance Committee. He is also a director of Count Financial Limited, a listed financial planning company and is chairman of its Risk & Compliance Committee. 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 is also a member of the Board's Superannuation Compliance Committee and Marketing & Business Development Committee.

Mr Davis 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.

Glenys Roper

BA, LittB, FAICD, FAIM, Chairman of the Board's Audit & Risk Management Committee; has top level experience in the public and private sectors. In the Commonwealth Government she was Chief Executive of the IT Agency, Executive Director in the Government Privatisations Agency and Chief Executive of the Australian Mint. In 1996 her work at the Mint won her the Channel Nine/Louis Vuitton award for leadership and achievement. Glenys is Managing Director of Roex Management, providing business, management and governance advice primarily in the government sector. She is a director on a number of boards and chairs a range of governance committees in the government sector. Glenys is also a member of the Board's Productivity & IT Committee and the Superannuation Compliance Committee.

Ms Roper was first appointed to the Board on 16 October 2001 and was subsequently re-appointed, most recently for the term 16 October 2008 to 15 October 2011.

Philip Small

BEC (Syd), MSc (Lond), FCPA, Chairman of the Board's Productivity & IT Committee; has been involved in the insurance and banking software industry since 1985 and has a detailed knowledge of the market in the Asia Pacific region. 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. Prior to CSC, Philip worked for Continuum and was responsible for their operations in Asia Pacific between 1993 and 1996. Prior to this, he worked for Paxus Corporation where he headed up their European division from 1988 to 1993 and led their expansion to become the leading provider of insurance software in Europe. Philip is a Director of FINEOS Corporation, an Irish software company, Konekt Limited, a publicly listed provider of occupational rehabilitation and risk management services. He also advises a number of other software and technology companies. Philip is also a member of the Board's Audit & Risk Management Committee and the Marketing & Business Development Committee.

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

Adam Kerslake

BA (UNSW), LLB (UTS) and the nominee of Unions NSW on the Board; 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. He is a member of the Board's Productivity & IT Committee and the Human Resources & Remuneration Committee.

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



The term as a director of Ms Eve Crestani, who had been on the Board since 16 October 2001, expired on 15 April 2011.

Frequency of and Attendance at Board Meetings

The Board met 11 times during 2010/11. The number of meetings attended by each Director is set out below.

Director	Possible number	Number attended
Dr Gellatly	11	11
Mr Davis	11	10
Ms Roper	11	11
Mr Small	11	10
Mr Kerslake	3	2
Mr Beck	11	10
Ms Crestani	9*	9*

*Ms Crestani also attended 2 Board meetings as a consultant to the Board after her term as director expired.

Board Committees

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

- the **Audit & Risk Management Committee**, which establishes accounting policies, focuses on the adequacy of the administrative, operating, risk and financial controls and oversees the work of the internal auditor. The meetings of the Audit & Risk Management Committee are attended by representatives of management, external auditors and internal auditors and on occasions the Committee meets with auditors without management being present;

- the **Human Resources & Remuneration Committee**, which provides high level oversight of human resources policies, strategies and remuneration;
- the **Marketing & Business Development Committee**, which advises the Board in relation to the broad framework within which marketing and business development will be pursued by management;
- the **Productivity & Information Technology (IT) Committee**, which assists the Board in meeting its strategic objectives to enhance the Corporation's scalable business capability through the effective use of technology and quality, process and productivity improvements; and
- the **Superannuation Compliance Committee**, which oversees the Corporation's Compliance Program in relation to superannuation administration.

Membership of Board Committees

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

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 the Corporation as appropriate;
- 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.





Management

The Chief Executive Officer

The Chief Executive Officer (CEO) of the Corporation (hereafter in Part B referred to as Pillar) is appointed by the non-executive Directors after consultation with the Voting Shareholders.

Mr Peter Beck was appointed as CEO effective from 2 April 2008 for a five year term.

The Executive Structure

The senior management of Pillar make up the **Executive Committee**. The executive managers that as at 30 June 2011 comprised the Executive Committee are set out below, along with a brief profile of each manager.



Chief Executive Officer: Mr Peter Beck

Employed in position for whole year.

Profile in The Directors section.



Chief Operating Officer: Mr Gary Cox

Employed by Pillar from 4 April 2011 onwards.

Gary has over 20 years financial services experience in developing and leading teams to achieve performance objectives and has led major

organisational, cultural and structural change programs in companies including SunGard, BT Financial Group and Russell Investments. Gary's academic qualifications include a Bachelor of Economics from the University of New England and an Executive MBA from the AGSM at the University of New South Wales.



Chief Financial Officer: Mr Gerard Gieseckam

Employed by Pillar from 7 March 2011 onwards.

Gerard has over 18 years superannuation and commercial experience. He started his corporate career with Ernst & Young, eventually becoming

Chief Financial Officer of Australian Administration Services (AAS). Before joining Pillar, Gerard provided consulting services to Link Market Services businesses, specifically on corporate integrations/acquisitions as well as managing the reconciliation process for AAS' migration program.



Chief Information Officer: Ms Fiona Abercrombie

Employed in position for whole year.

Fiona joined Pillar in August 2004 and brings extensive technology experience to Pillar having worked in multiple IT roles including as

CIO. Previously Fiona worked in various senior management positions within NSW and has also spent time working in overseas markets such as the UK, Europe, NZ and the UAE. Fiona's career has enabled her to gain experience in manufacturing, engineering, retail distribution and financial services.



General Manager – Marketing and Business Development: Mr Mark Blair

Employed by Pillar from 4 May 2011 onwards.

Mark has approximately 20 years financial services experience in leading, developing and implementing strategic business initiatives. Mark completed his education at Nottingham University in England before qualifying as an actuary. He moved to Australia in 1992 to take up a position with Watson Wyatt and later, Towers Perrin. In his most recent position as Director, Russell Investments, Mark was



responsible for strategic business initiatives as well as Australasian sales and management of Russell Investments in New Zealand.



**Company Secretary and Head of Corporate & Quality:
Ms Jane Byrne**

Employed in position for whole year.

Jane has more than 25 years experience in the financial services sector. She has had senior roles with AAS, Citistreet and was assistant general manager of personal and corporate trusts at Permanent Trustees. Prior to becoming Company Secretary, Jane was Pillar's client relationship manager for First State Super and the STC schemes and she acted as Fund Secretary of the Parliamentary Contributory Superannuation Fund for seven years.



**Manager – Human Resources:
Mr David Allen**

Employed in position for whole year.

David joined Pillar in March 2008 and has over 20 years experience in various Human Resource Management

functions. David provides both strategic and tactical advice and support to Pillar. With his team, David is responsible for driving and supporting the business to achieve the fundamental people strategy and initiatives. He has a Bachelor of Business (IR-Economics) and a Graduate Diploma in Training and Development.



**General Manager – Operations Administration:
Mr Patrick McGoulrick**

Employed in position for whole year. Since the end of the 2010/11 year Patrick has become the Manager – Fund Maintenance & Employer Support.

Patrick joined Pillar in February 2001 and is responsible for around 200 administration staff. These staff administer the superannuation funds of Pillar's trustee clients, from the industry fund, public sector and retail fund sectors, with approximately 1.5 million members and around 100,000 employers contributing to the funds. Patrick has worked in superannuation for over 20 years and in that time worked in corporate fund, industry fund and master trust administration and group risk (insurance). Patrick has a Diploma in Superannuation Management from Macquarie University attained through ASFA.



**General Manager - Client Services:
Mr Christopher Woodward**

Employed in position for whole year.

Chris has been with Pillar for 20 years and has performed many roles within the organisation

over that time. Chris' experience is predominantly in business administration and Information Technology. He is responsible for the Client Relationship management of Pillar's trustee clients. These clients, industry fund, public sector and retail fund sectors currently have approximately 1.5 million members and over 100,000 contributing employers. Prior to his current role, Chris was responsible for looking after all our private sector business from a client relationship and administration perspective. Chris has a Diploma in Superannuation Management from Macquarie University attained through ASFA.



**Manager – Quality and Compliance:
Mr Bill Morris**

Employed in position for whole year.

Bill has over 20 years experience in fund administration, compliance and technical services with National Mutual

and NSP Buck prior to joining Pillar. He has a Diploma in Superannuation Management (ASFA) and is a regular participant in industry working groups.

During the financial year 2010/11 the Executive Committee met at least monthly for information sharing and the consideration of key issues facing management. The Executive Committee has an interest in all facets of Pillar, both strategic and operational and has reporting arrangements in place to ensure that it receives timely information about any matter warranting consideration or awareness.

Note: The Organisation Chart of Pillar, including the main functions of the organisational business units at 30 June 2011, is set out in this Annual Report at Part A – The Business.



**General Manager, Project Management Office:
Mr Raul Arregui**

Employed by Pillar from 30 August 2010.

Raul has more than 17 years experience in Project, Program and Portfolio Management,

including 6 years in the Financial Services sector, for companies including Macquarie Group, Media Monitors, Sun Microsystems, St George and AMP. Raul has a Bachelor of Commerce (Accounting) and a Master of Computer Sciences, and is a member of the Australian Computer Society and Project Management Institute.





Executive Remuneration

Executives with Remuneration Packages over \$241,251

As at 30 June 2011 the following executives employed by Pillar Administration had annual remuneration packages (not including performance-related incentive payments) in excess of \$241,251 (equivalent to the minimum annual remuneration package for Senior Executive Service Level 5 executives):

- Mr Peter Beck, Chief Executive Officer; and
- Mr Gary Cox, Chief Operating Officer.

Performance statements for the executives listed above are provided below as required by *the Annual Reports (Statutory Bodies) Regulation 2010 (NSW)*.

Performance Statements

Name:	Peter Beck
Position:	Chief Executive Officer
Remuneration package (annual amount):	\$373,065
Performance-related incentive payments:	\$86,350 (for the 2010/11 year but paid in 2011/12)
Period:	Whole of 2010/11 year.
Performance Targets Achieved:	<ul style="list-style-type: none"> ■ Move all clients to a profitable basis; ■ Cross sell and develop innovative services; ■ Promote Pillar in target markets; ■ Introduce a high performance business culture; ■ Deliver projects on time and on budget; ■ Improve strategic planning and corporate stakeholder management.

Name:	Gary Cox
Position:	Chief Operating Officer
Remuneration package (annual amount):	\$320,000
Performance-related incentive payments:	Nil for the 2010/11 year (he was only employed in 10/11 for the last 3 months of the year).
Period:	4 April 2011 to 30 June 2011
Performance Targets Achieved:	N/A - Mr Cox was only employed in 10/11 for the last 3 months of the year.



Number of Executive Officers

The following figures disclose the number of executive officers employed at the close of the 2010/11 year with an annual remuneration package equal to or greater than the minimum annual remuneration package for Senior Executive Service Level 1 executives (\$155,100).

Date	Female	Male
30 June 2011	2	9
30 June 2010	2	9

Note: These figures include Information Technology managers.





Equal Employment Opportunity Information

Equal Employment Opportunity (EEO) Achievements

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

Pillar's EEO strategy includes continual encouragement for persons with disabilities and persons of Aboriginal & Torres Strait Islander background to apply for positions. An example of the strategy in practice is Pillar's development of an indigenous cadetship with a view to providing indigenous people with career opportunities within the organisation.

Statistical Information for EEO Groups

EEO GROUP	% of Total Staff			
	Benchmark or Target	2009	2010	2011
Women	50%	68.6%	68.7%	69.6%
Aboriginal people and Torres Strait Islanders	2.6%	0.8%	0.7%	0.3%
People whose first language was not English	19%	21.9%	21.5%	22.4%
People with a disability	n/a	2.7%	2.8%	2.8%
People with a disability requiring work-related adjustment	1.5%	2.7%	2.8%	0%

EEO GROUP	Distribution Index			
	Benchmark or Target	2009	2010	2011
Women	100	71	72	74
Aboriginal people and Torres Strait Islanders	100	n/a	n/a	n/a
People whose first language was not English	100	98	95	95
People with a disability	100	n/a	n/a	n/a
People with a disability requiring work-related adjustment	100	n/a	n/a	0

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.



Consumer Response

Complaints

There were three (3) complaints made to Pillar during 2010/11 that were not related to the superannuation funds and schemes that Pillar provides administration services for. Pillar investigated each complaint and responded to each complainant in a timely manner. All 3 complaints concerned privacy related matters.

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.

Public Sector Superannuation Schemes

By arrangement with its public sector trustee client, SAS Trustee Corporation (STC), Pillar's Annual Report includes statistics on complaints it received relating to the NSW public sector superannuation schemes. There were 147 individual complaints about particular situations recorded for the year ended 30 June 2011 applicable to the public sector schemes that Pillar administers (there were 111 in the previous year). A statistical breakdown by category is shown below.

Category of Complaint	Number of Complaints
Application of policy	7
Administrative issues	137
Investment	1
Insurance	0
Incorrect data from external provider	2
Total	147

Note: The number of STC scheme members (including pensioners) as at 30 June 2011 was 133,362.

There were no complaints received in 2010/11 concerning the NSW Parliamentary Contributory Superannuation Fund (this fund had 341 members, pensioners and deferred members as at 30 June 2011).

The definition of a complaint for reporting purposes is "a written or oral expression of dissatisfaction which requires a response". Managers review the handling of complaints on a sample basis and this includes follow-up contact with the person who complained. All complaints are analysed to determine if there is a systemic cause and if that is the case, corrective and preventive action is implemented. Staff and managers are encouraged to recognise and highlight complaints that show the need for changes to scheme literature, standard letters, systems, procedures and practices.

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)*.



Access to Government Information held by Pillar

Pillar is, for the purposes of the *Government Information (Public Access) Act 2009 (NSW)* (“the GIPA Act”), an agency covered by the GIPA Act.

Under the GIPA Act, an agency must release “government information” unless there is an overriding public interest against disclosure. Government information is 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, staff and structure and 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 the website www.pillar.com.au (in the section “Access to Information”) or access can be requested by telephoning a Pillar Information Access Officer on 1800 779 068 or by 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 apply. Reductions of the processing fees are available for pensioners and full-time students and for those in financial hardship.

Open access information about Pillar that 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, Pillar will not disclose any information that could adversely affect its commercial interests unless Pillar is obliged to release the information by law.

Hence, other than information published in annual reports and other places as a matter of the normal processes of public transparency that apply to Pillar as a NSW State owned corporation, any commercially sensitive information of any kind about Pillar will not be released on the grounds that there is an overriding public interest against disclosure.



Review of the information made publicly available by Pillar

Pillar has reviewed, at June 2011, the type of information that it makes publicly available via its website and it 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.

Access of a member to their superannuation file

A member of a NSW public sector superannuation scheme can apply for access to part or all of the information in the superannuation file that Pillar maintains in relation to their scheme membership. In such a case 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 and full-time students and for those in financial hardship.

Publication Guide

Pillar’s Publication Guide was published during 2010/11 (within the 6 month period after the GIPA Act took effect on 1 July 2010) and is available in the section “Access to Information” on Pillar’s website. The Publication Guide was reviewed and updated just after the end of the 2010/11 year.

Applications for access to information during 2010/11

There were 541 formal applications for information under the GIPA Act received by Pillar during the 2010/11 year (not including invalid applications). There were 45 applications refused, in whole or in part, because the application was for information for which there is a conclusive presumption of overriding public interest against disclosure. There were 57 unfinished applications (made under the *Freedom of Information Act*) at 1 July 2010 and at the end of 2010/11 there were 22 applications unfinished, with 576 applications processed during the year.

Statistical information about applications for access under the GIPA Act in 2010/11 is set out in the Appendix to this report.





Compliance with Specific Policies

Disability Action Plan

Pillar is committed to treating all persons 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 the organisation. Pillar believes that any of its staff or the superannuation fund members that it deals with who have a disability should have the same access as other people to its services. With that belief in mind, Pillar provides flexible communication options to cater for staff and fund members with specific needs. When providing customer services any special needs of fund members are met on a case by case basis. Pillar has a Disability Action Plan in place that includes reviewing and where applicable improving arrangements for superannuation fund member and Pillar staff access to Pillar's services. Pillar also actively seeks to employ persons with disabilities.

Multicultural Policies and Services Program

Pillar has a continuing commitment to the principles of multiculturalism as set out at section 3 of the *Community Relations Commission and Principles of Multiculturalism Act 2000 (NSW)*.

Pillar continues to implement its Multicultural Policies and Services Program which takes account of ethnic diversity and the principles of multiculturalism, particularly in the following areas:

- **Staff:** Pillar is physically located in both Sydney and the greater Wollongong area and draws on an ethnically diverse population for its workforce. This has particular implications for ensuring equal employment and promotion opportunities within Pillar and respect for others regardless of gender and ethnicity.
- **Benefits of diversity within Pillar:** Pillar and its trustee clients benefit from the highly multifaceted diversity within Pillar's staff. We have a culturally and linguistically diverse workforce and direct, measurable benefits arise from the substantial number of multi-lingual staff who are able to assist in customer service by performing interpreter functions and who

also are sensitive to cultural issues of fund members from different backgrounds. Less easy to measure but still profound are the benefits arising from the richness of perspectives and backgrounds that ethnic diversity brings to any workforce.

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

- a strong commitment by the CEO and the Executive Committee to the principle of multiculturalism;
- promoting understanding of multiculturalism within the organisation;
- ensuring access to information services; and
- ensuring equality of opportunity based on merit within Pillar.

Pillar met its performance indicators in relation to the above-mentioned initiatives in 2010/11. Amongst other things, the Multicultural Policies and Services Program was reviewed and amended during the year, Pillar has been able to provide interpreter services to fund members when requested (on reasonable notice) and no valid complaints have been made that ethnicity has been a barrier to employment and development opportunities. Pillar aims to continue to carry out these initiatives in 2011/12 and in future years.

Occupational Health and Safety

An active Occupational Health and Safety Committee meets regularly within Pillar to ensure that occupational health and safety (OH&S) issues are identified and communicated to management. Members of the Committee provide OH&S advice to staff, conduct regular workplace inspections and provide reports on any remedial action required. Twenty-two (22) Workers' Compensation claims were submitted to Pillar's insurers during 2010/11 and eight (8) other incidents were reported. There were no prosecutions under the *Occupational Health and Safety Act 2000 (NSW)* involving Pillar in the 2010/11 year.



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. Additionally, Pillar is contractually obligated to comply with the Privacy Management Plan of STC (the trustee of the NSW public sector superannuation schemes that it administers).

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 exempted from the NSW privacy legislation.

Waste Reduction and Purchasing Plan

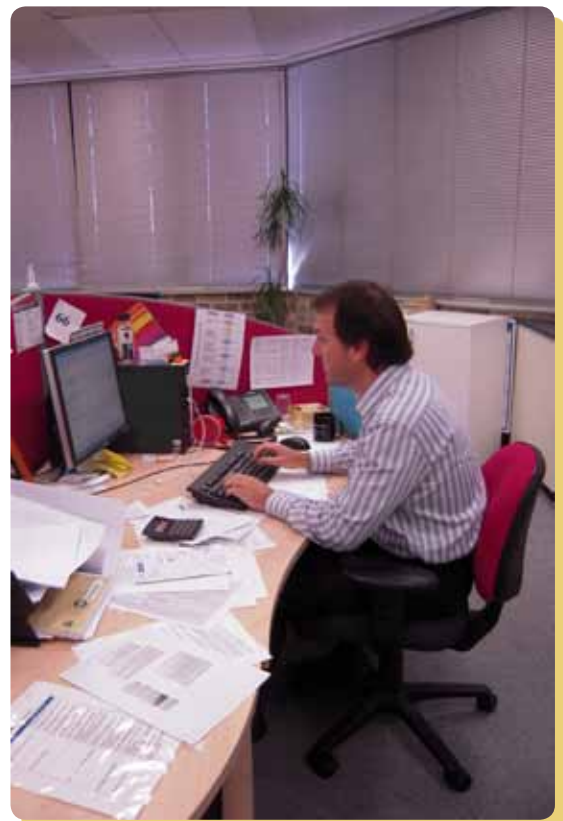
Pillar is committed to waste reduction and recycling and aims to comply with the NSW Government's Waste Reduction and Purchasing Policy. Pillar prides itself on being environmentally responsible and is committed to recycling initiatives and reducing energy usage. A Sustainability Advantage Program has been implemented, aiming to assist the company to secure a sustainable future through engaging employees in environmental, community and economic initiatives at home and at work. Pillar also has a dedicated Resource Efficiency team.

Practices consistent with waste reduction and sustainability are firmly established in business 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 as advised from time to time, and toner cartridges are placed in designated containers for recycling; and
- other suitable materials are recycled as advised from time to time.

Employees are 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.





Additional Financial Related Data

Expenditure on Consultants during 2010/11

Pillar's expenditure (exclusive of GST) on consultants during 2010/11 was as follows:

- \$133,676.41 to Thunderhead Pty Ltd for professional services and support for the annual statements process;
- \$118,706.77 to Bravura Solutions Ltd for professional IT services in relation to the Superb membership system;
- \$107,442 to Simbient Solutions Pty Ltd for consulting services for SharePoint;
- \$63,689.76 to PFS-Professional Financial Services for the administrative review of insurance policies;
- \$58,967.74 to TIBCO Software Inc for Spotfire installation and configuration and further assistance with Spotfire architecture;
- \$52,397.50 to Regal Information Tech for consulting on the Appsense application and the Citrix system;
- \$52,390 to Decimal Pty Ltd for services in relation to customisation of Pillar's single issue advice service;
- \$45,000 to CEM Benchmarking Inc. for a benchmarking survey;
- \$43,262.41 to 3D Networks (Australia) Pty Ltd for professional services and on-line support;
- \$37,308 to IBM Australia Ltd for services relating to e-mail archiving;
- \$26,276.49 to Team 2 for consultancy services for the Contact Centre;
- \$19,000 to Rice Warner for professional consulting services;
- \$18,812 to Price Waterhouse Cooper for professional services;
- \$12,050 to Ralph Beattie Bosworth (NSW) Pty Ltd for professional services.

Grants to Non-Government Organisations

No grants to non-government organisations were made by Pillar during 2010/11.

Insurance Premiums

Pillar maintains insurance cover through a contract of coverage with the NSW Treasury Managed Fund (TMF) with the cover including professional indemnity cover for all staff, property, motor vehicle, workers' compensation and miscellaneous matters.

Insurance premiums paid to TMF during 2010/11 amounted to \$484,836 (including GST).

Land Disposal

Pillar did not dispose of any land in the 2010/11 year.

Major Works in 2010/11

Pillar spent \$1,505,570.60 during 2010/11 on building works, refurbishment and fitting out of the 'Allowrie' building in Coniston.

Overseas Visits

There were no overseas trips by representatives of Pillar in 2010/11.



Payment Performance Indicators

Accounts paid on time within each quarter during 2010/11:

Quarter	Total Accounts Paid On Time			
	Target	Actual	Target	Actual
	%	%	\$	\$
September 2010	100	100	6,594,328.00	6,594,328.00
December 2010	100	100	7,838,781.00	7,838,781.00
March 2011	100	100	6,704,378.00	6,704,378.00
June 2011	100	100	6,880,624.00	6,880,624.00
Total			\$28,018,111.00	28,018,111.00





Other Corporate Information

Changes in Legislation Relating to Pillar

The governing legislation of Pillar, the *Superannuation Administration Authority Corporatisation Act 1999 (NSW)* was amended effective 29 November 2010.

Under that Act, Pillar's business is defined as being "the provision of superannuation scheme administration and related services". The amended legislation now enables Pillar to provide administration and related services to financial service providers. For that purpose, Pillar can now provide services that include (but are not limited to) the following:

- collecting payments on behalf of financial service providers,
- providing information and advice to clients of financial service providers,
- keeping and maintaining client records,
- preparing financial statements on behalf of financial service providers, and
- processing claims and other transactions on behalf of financial service providers.

There were no changes to the *State Owned Corporations Act 1989 (NSW)* in 2010/11 that affected Pillar.

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

Access

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

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

Coniston Office
Pillar National Service
Centre
5 Old Springhill Rd
Coniston NSW 2500
Ph. (02) 4298 6437

Business hours are 8.30 am to 5.30 pm.

Details of Production of Report

The estimated external costs of this Annual Report are estimated to be no greater than \$6,500, with 200 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 2011. The report will be available at <http://www.pillar.com.au>. The report is not available in any other non-printed format.

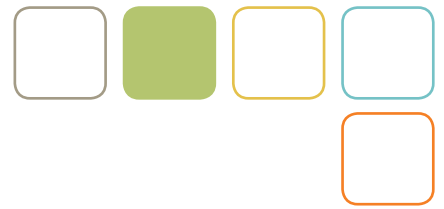


Part C —

Audited Financial Statements



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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 2011, the statement of 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 2011, and its financial performance 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.

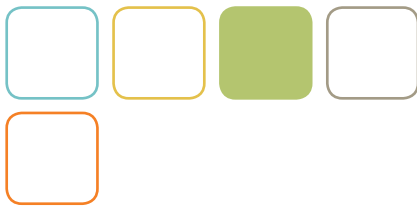
Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards, the *State Owned Corporations Act 1989*, the PF&A Act 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 and fair presentation of the financial statements 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 this 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:

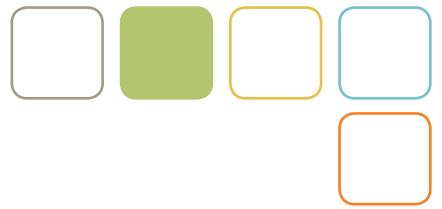
- providing that only Parliament, and not the executive government, can remove an Auditor-General;
- mandating the Auditor-General as auditor of public sector agencies but precluding the provision of non-audit services, thus ensuring the Auditor-General and the Audit Office of New South Wales are not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

A Oyetunji

Director, Financial Audit Services

SYDNEY

21 October 2011



Directors' Declaration

for the Year ended 30 June 2011

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 as set out in pages C5 to C31:
 - (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 2011; and
 - (ii) have been prepared in accordance with the provisions of the *Public Finance and Audit Act 1983*, the *Public Finance and Audit Regulation 2010*, Australian Accounting Standards and the Treasurer's Directions.
- (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

Dr. Col Gellatly
Chairman
Superannuation Administration Corporation

Peter Beck
Chief Executive Officer
Superannuation Administration Corporation

Date: 21 October 2011



Statement of Comprehensive Income

for the Year ended 30 June 2011

	NOTE	2011 \$'000	2010 \$'000
Continuing Operations			
Revenue	2	79,475	75,225
Depreciation and amortisation expense	2	(2,305)	(2,575)
Employee benefits expense	2	(52,682)	(49,652)
Occupancy expenses		(2,691)	(2,692)
Information technology expenses		(5,042)	(4,748)
Member communications expenses		(3,085)	(3,738)
Contractors' expenses		(3,659)	(3,709)
Other expenses	2	(4,893)	(3,606)
Profit before income tax		5,118	4,505
Income tax expense	3(a)	(1,313)	(1,390)
Profit for the year from continuous operations attributable to shareholders of the corporation		3,805	3,115
Other comprehensive income net of tax		-	-
Revaluation decrement on property, plant and equipment net of tax		(585)	-
Total Comprehensive Income for the year		3,220	3,115

The accompanying notes form an integral part of this Statement of Comprehensive Income.



Statement of Financial Position

as at 30 June 2011

	NOTE	2011 \$'000	2010 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	16(a)	12,176	7,262
Trade and other receivables	4	10,157	13,132
Other current assets	5	1,032	633
Total Current Assets		23,365	21,027
Non-Current Assets			
Property, plant and equipment	6	12,796	12,424
Intangibles	7	2,058	3,633
Deferred tax assets	3(b)	3,182	2,968
Total Non-Current Assets		18,036	19,025
Total Assets		41,401	40,052
LIABILITIES			
Current Liabilities			
Trade and other payables	8	3,753	2,755
Provisions	9	11,975	11,833
Total Current Liabilities		15,728	14,588
Non-Current Liabilities			
Deferred tax liabilities	3(c), 10	1,597	2,093
Provisions	9	1,556	1,408
Total Non-Current Liabilities		3,153	3,501
Total Liabilities		18,881	18,089
Net Assets		22,520	21,963
Equity			
Issued capital	11	6,000	6,000
Reserves	11	7,158	7,743
Retained earnings	11	9,362	8,220
Total Equity		22,520	21,963

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



Statement of Changes in Equity

for the Year ended 30 June 2011

<u>\$'000</u>	Note	Contributed equity	Asset revaluation reserve	Operational risk reserve	Retained earnings	Total equity
Balance as at 1st July 2009		6,000	3,743	-	10,974	20,717
Profit for the year		-	-	-	3,115	3,115
Other comprehensive income		-	-	-	-	-
Total comprehensive income for the year		-	-	-	3,115	3,115
Transactions with owners in their capacity as owners:						
Transfer to/(from) reserves	1(r)	-	-	4,000	(4,000)	-
*Dividend to equity holders		-	-	-	(1,869)	(1,869)
Balance as at 30 June 2010		6,000	3,743	4,000	8,220	21,963



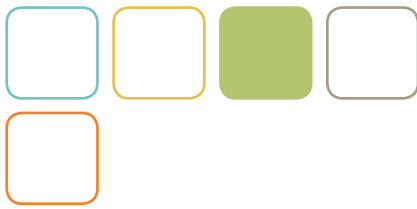
Statement of Changes in Equity

for the Year ended 30 June 2011 *(continued)*

<u>\$'000</u>	Note	Contributed equity	Asset revaluation reserve	Operational risk reserve	Retained earnings	Total equity
Balance as at 1st July 2010		6,000	3,743	4,000	8,220	21,963
Profit for the year		–	–	–	3,805	3,805
Other comprehensive income		–	(585)	–	–	(585)
Total comprehensive income for the year			(585)		3,805	3,220
Transactions with owners in their capacity as owners:						
Transfer to/(from) reserves	1(r)	–	–	–	–	–
*Dividend to equity holders		–	–	–	(2,663)	(2,663)
Balance as at 30 June 2011		6,000	3,158	4,000	9,362	22,520

* Note: Dividend payable - NSW Treasury has set a target of 70% (60% 2010) of the net profit from ordinary activities after income tax. Dividend per share was \$1,331,694 per share (\$934,555 per share 2010).

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

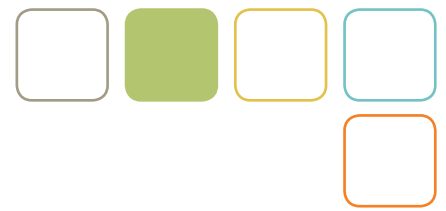


Statement of Cash Flow

for the Year ended 30 June 2011

	NOTE	2011 \$'000	2010 \$'000
Cash Flows From Operating Activities:			
Receipts from customers (inclusive of GST)		90,118	78,668
Payments to suppliers and employees (inclusive of GST)		(78,853)	(73,555)
Income tax paid		(2,176)	-
Income tax received		-	28
Interest received		351	138
Net cash inflow from operating activities	16(c)	<u>9,440</u>	<u>5,279</u>
Cash Flows From Investing Activities:			
Proceeds from sale of property, plant and equipment		37	1
Purchase of property, plant and equipment		(2,347)	(700)
Purchase of intangible assets		(347)	(942)
Net cash outflow from investing activities		<u>(2,657)</u>	<u>(1,641)</u>
Cash Flows From Financing Activities:			
Dividends paid		(1,869)	(659)
Net cash outflow from financing activities		<u>(1,869)</u>	<u>(659)</u>
Net Increase/(Decrease) in Cash and Cash Equivalents		4,914	2,979
Cash and cash equivalents at the beginning of the financial year		7,262	4,283
Cash and cash equivalents at the end of the financial year	16(a)	<u>12,176</u>	<u>7,262</u>

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



Notes to the Financial Statements

for the Year ended 30 June 2011

1. Significant Accounting Policies

Superannuation Administration Corporation (SAC), 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”). SAC’s business is to provide superannuation scheme administration services and related services in both the public and private sectors. It is domiciled in NSW Australia and its registered office address is at Level 18, 83 Clarence Street, Sydney, NSW 2000.

Statement of Compliance

The financial statements form a general purpose financial report and are prepared in accordance with the *Public Finance and Audit Act, 1983*, the *Public Finance and Audit Regulation, 2010* and the Treasurer’s Directions. They also comply with applicable Australian Accounting Standards, Australian equivalents to International Financial Reporting Standards (A-IFRS) and other authoritative announcements of the Australian Accounting Standards Board and Interpretations.

The financial statements of Superannuation Administration Corporation for the financial year ended 30 June 2011 were authorised for issue in accordance with a resolution of the Board of Directors on 21 October 2011.

(a) Basis of Preparation

The financial statements have 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 company’s functional and presentation currency.

Use of Judgements and Estimates

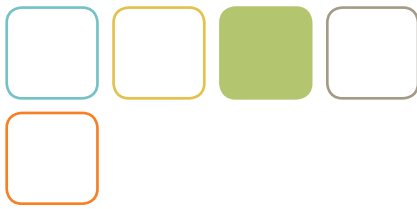
In the application of Accounting Standards, management is required to make judgements, estimates and assumptions about net market values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstance, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(b) Income Tax

SAC 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 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 balance sheet date.



1. Significant Accounting Policies (*continued*)

(b) Income Tax (*continued*)

Deferred tax is accounted for using the balance sheet liability method in respect to temporary difference 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 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 difference 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 economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) 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 Balance Sheet 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. 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.

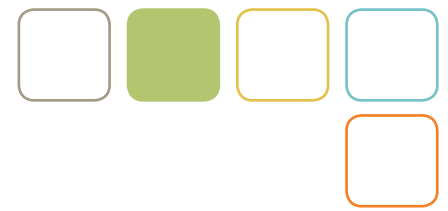
Property

SAC'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 building is shown at fair value as at 30 June 2011 based on the valuation of an independent registered valuer, Southern Valuers, dated 30 June 2011.

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.



Notes to the Financial Statements

for the Year ended 30 June 2011 (*continued*)

1. Significant Accounting Policies (*continued*)

(c) Property, Plant and Equipment (*continued*)

Plant and equipment (continued)

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 Comprehensive Income in the period 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.

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 8 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.

(d) Financial Assets

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 balance sheet date. Any impairment loss occurring on financial instruments is treated as an expense in the period in which it occurs.

(e) 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 Balance Sheet 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.



1. Significant Accounting Policies (*continued*)

(e) Intangible Assets (*continued*)

Acquisitions and Capitalisation (continued)

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. Pillar 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.

Pillar 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 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.

(f) Employee Benefits

Annual Leave

The provision for annual leave represents the amount which SAC 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.



Notes to the Financial Statements

for the Year ended 30 June 2011 (*continued*)

1. Significant Accounting Policies (*continued*)

(f) Employee Benefits (*continued*)

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 in accordance with NSW Treasury policy.

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.

(g) Rounding

All values reported in the financial statements have been rounded to the nearest thousand dollars, except where otherwise stated.

(h) Financial Liabilities

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

(i) Cash and Cash Equivalents

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

(j) Revenue Recognition

Management fees and other fees are recognised as revenues when services have been provided and it is probable that economic benefits will transfer to SAC.

Interest is recognised on an accrual basis.

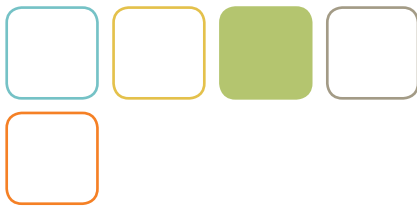
All revenue is stated net of the amount of applicable goods and services tax (GST).

(k) Payables

These amounts represent liabilities for goods and services provided to SAC prior to the end of the financial year in which they 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.

(l) Receivables

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



1. Significant Accounting Policies (*continued*)

(l) Receivables (*continued*)

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 SAC 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 profit or loss 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 profit or loss.

(m) Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of applicable 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.

Cash flows are included in the Statement of Cash Flow with applicable goods and services tax.

(n) Leases

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

(o) 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.

(p) Tenancy Make Good Provision

Tenancy make good expenses are recognised as a liability. The amount is reviewed each year.

(q) Impairment of Assets

Assets are reviewed for impairment at each reporting date and whenever events or change 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. The 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.



Notes to the Financial Statements

for the Year ended 30 June 2011 (*continued*)

1. Significant Accounting Policies (*continued*)

(r) 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 (eg error or omission) where SAC 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 portion to their involvement. These principles are consistent with a culture of managing risk and continuous improvement (eg reviewing & improving processes) which are essential to reducing the risk of losses arising from operational risk events.

(s) New Accounting Standards Adopted

The following accounting standards have been adopted by SAC during the financial year ended 30 June 2011, with no impact on SAC's accounting policies and financial statements.

- (i) AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project;
- (ii) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions;
- (iii) AASB 2009-10 Amendments to Australian Accounting Standards - Classification of Rights Issues;
- (iv) AASB Interpretation 19 Extinguishing financial liability with equity instruments.

(t) New Accounting Standards Issued But Not Effective

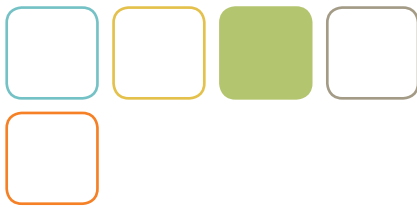
At the date of authorisation of the financial report, the following new Accounting Standards and Interpretations relevant to SAC were in issue but not yet effective:

Australian Accounting Standard/Interpretation	Effective for annual reporting periods on or after
AASB 9 and AASB 2009-11 regarding financial instruments	1 July 2013
AASB 124 and AASB 2009-12 regarding related party transactions	1 July 2011
AASB 2009-14 regarding prepayments of a minimum funding requirement	1 July 2011

It is not envisaged that the adoption of the new standards will have a material affect on the financial statements.

(u) Dividends

Dividends payable to the NSW Treasury are set at a target of 70% (60% 2010) of the profit after income tax expense.



2. Profit for the year

(a) Revenue

Operating activities

	2011 \$'000	2010 \$'000
Administration fees	72,402	68,493
Interest revenue - other corporations	337	138
Profit on disposal of fixed assets	-	1
Other income	6,736	6,593
Total Operating Activities	79,475	75,225
Total Revenues	79,475	75,225

(b) Expenses

Depreciation and Amortisation Expense

Intangibles	1,185	1,172
Hardware	551	746
Other non-current assets	569	657
Total Depreciation and Amortisation	2,305	2,575

Employee Benefit Expenses

Salaries and wages	44,275	40,791
Redundancies	72	18
Provision for employee benefits	4,091	4,741
Superannuation contributions	4,244	4,102
Total employee benefit expenses	52,682	49,652



Notes to the Financial Statements

for the Year ended 30 June 2011 (*continued*)

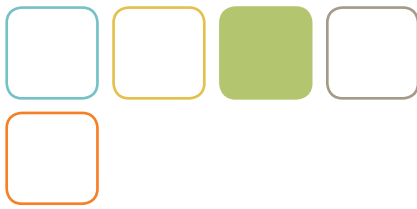
2. Profit for the year (*continued*)

(b) Expenses (*continued*)

	2011 \$'000	2010 \$'000
Other Expenses		
Communications	943	918
Postage	1,279	905
Insurance	538	420
Printing	304	406
Stationery	133	153
Operating lease – minimum lease payments	208	155
Loss on disposal of fixed assets	49	-
Audit fee exclusive of GST	85	82
Doubtful debts	802	70
Sundry administration expenses	552	497
Total Other Expenses	4,893	3,606

3. Income Tax

	2011 \$'000	2010 \$'000
(a) The prima facie tax payable on profit before income tax is reconciled to the income tax expense as follows:		
Prima facie tax payable on profit before income tax at 30% (2010: 30%)	1,535	1,351
Current:		
Non-deductible expenses	5	4
Capital allowances	-	(57)
(Over)/Under provision of income tax in previous year	(227)	92
Total Current Income Tax Expense	1,313	1,390



3. Income Tax (continued)

(b) Deferred tax assets

The balance comprises temporary differences attributable to:

	1 July 2010	Charged to income	30 June 2011
Employee benefits	2,730	5	2,735
Accrued expenses	77	6	83
Other provisions	161	203	364
	2,968	214	3,182

(c) Deferred Tax Liabilities

The balance comprises temporary differences attributable to:

Amounts recognised direct to statement of comprehensive income

Fixed assets	486	(241)	245
Accrued interest income	4	(4)	0

Amounts recognised directly in equity:

Revaluation of property	1,603	(250)	1,353
Total Deferred Tax Liability	2,093	(495)	1,598

4. Trade and other receivables

Current

	2011 \$'000	2010 \$'000
Trade receivables	10,562	12,876
Provision for impairment of receivables	(854)	(57)
	9,708	12,819
Income tax receivable	-	-
Other receivables	449	313
	10,157	13,132

5. Other Assets

Current

Prepayments	1,032	633
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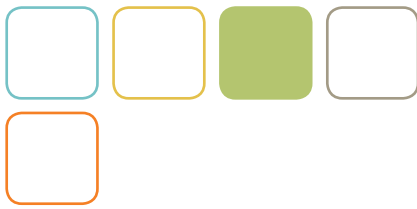


Notes to the Financial Statements

for the Year ended 30 June 2011 *(continued)*

6. Property, Plant and Equipment

	NOTE	2011 \$'000	2010 \$'000
Land and Buildings			
Freehold land and building at independent valuation 2011	1(c)	10,275	10,067
Less accumulated depreciation		-	(300)
		10,275	9,767
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		(353)	(305)
		4,738	4,786
Computer Equipment:			
Balance at 30 June		13,413	12,713
Accumulated depreciation		(12,171)	(11,620)
At fair value		1,242	1,093
Plant and Equipment:			
Balance at 30 June		6,027	5,911
Accumulated depreciation		(4,748)	(4,347)
At fair value		1,279	1,564
Total Computers and Other Plant and Equipment		2,521	2,657
Total Property, Plant and Equipment		12,796	12,424
Movements in Carrying Amounts			
Computer Equipment:			
Opening balance		1,093	1,201
Additions		644	638
Reclassification		56	-
Disposals		-	-
Depreciation expense		(551)	(746)
Carrying amount at the end of the year		1,242	1,093
Land and Buildings:			
Balance at beginning of the year		9,767	9,917
Revaluation decrement		(834)	-
Additions		1,505	-
Depreciation expense		(163)	(150)
Carrying amount at the end of the year		10,275	9,767



6. Property, Plant and Equipment (*continued*)

	NOTE	2011 \$'000	2010 \$'000
Other Plant and Equipment:			
Opening balance		1,564	2,009
Additions		197	62
Reclassification		10	-
Disposals		(85)	-
Depreciation expense		(407)	(507)
Carrying amount at the end of the year		<u>1,279</u>	<u>1,564</u>

7. Intangible Assets

	NOTE	2011 \$'000	2010 \$'000
Balance at 30 June		25,471	25,861
Accumulated amortisation		(23,413)	(22,228)
At fair value		<u>2,058</u>	<u>3,633</u>

Movements in Carrying Amounts

Balance at beginning of the year		3,633	3,864
Additions		347	941
Reclassification		(737)	-
Amortisation expense		(1,185)	(1,172)
Carrying amount at the end of the year		<u>2,058</u>	<u>3,633</u>

8. Trade Payables

	NOTE	2011 \$'000	2010 \$'000
Current unsecured liabilities			
Trade payables		2,632	1,685
GST payable		1,121	1,070
		<u>3,753</u>	<u>2,755</u>

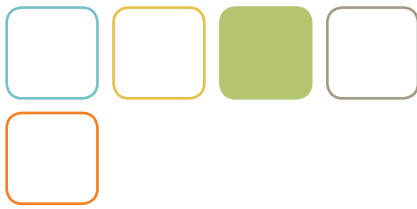


Notes to the Financial Statements

for the Year ended 30 June 2011 (*continued*)

9. Provisions

	NOTE	2011 \$'000	2010 \$'000
Current			
<i>Annual Leave</i>			
Provision at beginning of year		3,612	3,703
Additional provisions raised during the year		3,032	3,325
Amounts used		(3,298)	(3,416)
Carrying amount at reporting date		3,346	3,612
<i>Long Service Leave</i>			
Provision at beginning of year		2,886	2,323
Additional provisions raised during the year		543	864
Amounts used		(426)	(301)
Carrying amount at reporting date		3,003	2,886
<i>Employee Incentive Scheme Provision</i>			
	19		
Provision at beginning of year		1,400	-
Additional provisions raised during the year			1,400
Amounts used		(22)	-
Carrying amount at reporting date		1,378	1,400
<i>Declared Dividend</i>			
Provision at beginning of year		1,869	659
Additional provisions raised during the year		2,663	1,869
Amounts used		(1,869)	(659)
Carrying amount at reporting date		2,663	1,869
<i>Tax Provision</i>			
Tax provision at beginning of year		1,792	-
Additional provisions raised during the year		1,774	1,792
Tax paid		(2,176)	-
Carrying amount at reporting date		1,390	1,792



9. Provisions *(continued)*

Current (continued)

Provision for Tenancy Make-Good

NOTE	2011 \$'000	2010 \$'000
Tenancy make-good costs at beginning of year	237	-
Amount transferred from non-current provision during the year	41	237
Amounts used	(83)	-
Carrying amount at reporting date	195	237

Lease Incentives

Unamortised incentives at beginning of year	37	65
Amount transferred from non current provision during the year	-	37
Amounts amortised	(37)	(65)
Carrying amount at reporting date	-	37

Total Current Provisions

11,975	11,833
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Notes to the Financial Statements

for the Year ended 30 June 2011 (*continued*)

9. Provisions (*continued*)

NOTE	2011 \$'000	2010 \$'000
Non-Current		
<i>Long Service Leave</i>		
Provision at beginning of year	1,203	650
Additional provisions raised during the year	188	553
Carrying amount at reporting date	1,391	1,203
<i>Lease Incentives</i>		
Unamortised incentives at beginning of year	97	134
Amount transferred to current provision during the year	-	(37)
Carrying amount at reporting date	97	97
<i>Provision for Tenancy Make-Good</i>		
Tenancy make-good costs at beginning of year	108	345
Additional provisions recognised during the year	-	-
Amount transferred to current provision during the year	(41)	(237)
Carrying amount at reporting date	67	108
Total Non – Current Provisions	1,555	1,408
Total employee benefits	9,118	9,101
Total employee numbers	647	651

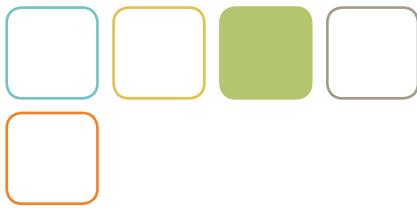
Employee entitlements for annual and long service leave include short-term benefits (expected to be settled no later than 12 months after 30 June 2011) and long-term benefits (expected to be settled after more than 12 months) as follows:

Short-term

Annual leave		2,677	2,890
Long service leave		579	591
Employee incentive scheme	19	1,250	1,150
		4,506	4,631

Long-term

Annual leave		669	722
Long service leave		3,815	3,498
Employee incentive scheme	19	128	250
		4,612	4,470



10. Tax

NOTE	2011 \$'000	2010 \$'000
------	----------------	----------------

Non Current

Deferred tax liability

The balance comprises temporary differences attributable to:

Amounts recognised direct in the Statement of Comprehensive Income:

Fixed assets	244	486
Accrued interest income	-	4
Amounts recognised direct in equity:	-	-
Revaluation of property	1,353	1,603
	1,597	2,093

11. 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 2011 were held by the Hon. Mike Baird MP, Treasurer and the Hon. Andrew Stoner, 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	2011 \$'000	2010 \$'000
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Equity

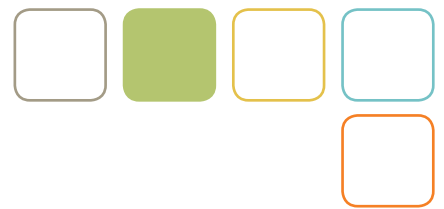
Contributed equity

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

Asset revaluation reserve

Balance at beginning of the reporting period	3,743	3,743
Add/less movement	1(c) (585)	-
Carrying amount at the end of the reporting period	3,158	3,743



Notes to the Financial Statements

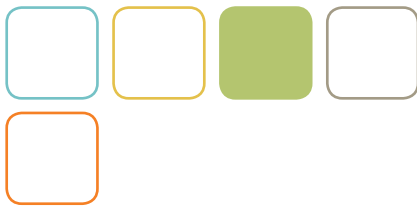
for the Year ended 30 June 2011 (*continued*)

11. Equity (*continued*)

	NOTE	2011 \$'000	2010 \$'000
Reserves (<i>continued</i>)			
<i>Operational risk reserve</i>			
Balance at beginning of the reporting period		4,000	-
Add/less movement	1(r)	-	4,000
Carrying amount at the end of the reporting period		4,000	4,000
Total Reserve at the end of the reporting period		7,158	7,743
Retained earnings			
Balance at beginning of the reporting period		8,220	10,974
Current year profit		3,805	3,115
Transfer to reserves		-	(4,000)
Dividend declared		(2,663)	(1,869)
Carrying amount at the end of the reporting period		9,362	8,220

12. Capital and Lease Commitments

	NOTE	2011 \$'000	2010 \$'000
Operating Lease Commitments			
Commitments in relation to operating leases contracted for at balance date but not provided for in the financial statements (including GST):			
Payable - minimum lease payments			
- not later than one year		1,720	1,342
- greater than one year and less than five years		3,039	2,570
- greater than five years		-	-
		4,759	3,912
Included in the lease commitments are non-cancellable leases with terms between one and a half years and five years. These leases also provide Pillar with an option to renew for up to four years. Rent is payable monthly in advance.			
Capital Commitments			
Computer Equipment		-	-



13. Related Parties

(a) Directors and Key Management Personnel

The names of the Board Members of SAC in office during the year ended 30 June 2011 and up to the date of signing these financial statements are as follows:

Directors:

Dr. C. Gellatly
 Mr N. Davis
 Ms G. Roper
 Mr P. Small
 Ms E. Crestani (term expired 15 April 2011)
 Mr A Kerslake (appointed 14 March 2011)
 Mr P. Beck (CEO)

In addition to Directors and CEO disclosed above, the names of the Key Management Personnel of SAC in office during the year ended 30 June 2011 and up to the date of signing these financial statements are as follows:

Ms F. Abercrombie	- Chief Information Officer
Ms J. Byrne	- Company Secretary
Mr G. Gieseckam	- Chief Financial Officer
Mr B. Morris	- Compliance Manager
Mr D. Allen	- Manager – Human Resources
Mr M. Blair	- General Manager – Marketing & Business Development
Mr P. McGoulrick	- Administration Manager
Mr G. Cox	- Chief Operating Officer
Mr C. Woodward	- General Manager – Client Services

(b) Compensation of Directors and Key Management Personnel

	2011 \$	2010 \$
Short Term Benefits – (Salaries, Directors Fees, Bonuses)	2,281,595	1,828,358
Post Employment Benefits-Superannuation	303,384	270,193
Termination Benefits	96,857	-
	2,681,836	2,098,551

The CEO 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 2011 *(continued)*

14. Economic Dependency

The majority of SAC's business revenue (60%) comes from two public sector clients.

15. Financial Instruments Risk Management

Capital Risk Management

SAC 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. SAC did not have any debt for the years ended 30 June 2011 and 30 June 2010. SAC 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 SAC to incur a financial loss.

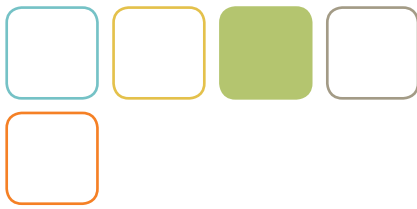
The Board approved Treasury Management Policy prescribes surplus cash to be invested with major Australian banks, who currently hold a AA credit rating. The other material financial asset is receivables from superannuation fund trustee clients. There is no material risk that the receivables may be impaired 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 SAC may not be able to meet its financial obligations when they fall due. SAC 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 SAC invests its surplus cash in bank deposit to ensure adequate liquidity.

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

Year ended 30 June 2011	Less than 3 months (\$000)	3 months to 1 year (\$000)	1-5 years (\$000)	Total (\$000)
Accounts receivable	907	-	-	907
	907	-	-	907
Year ended 30 June 2010	Less than 3 months (\$000)	3 months to 1 year (\$000)	1-5 years (\$000)	Total (\$000)
Accounts receivable	2,975	-	-	2,975
	2,975	-	-	2,975



15. Financial Instruments Risk Management *(continued)*

The following tables summarise the maturity profile of the SAC's financial liabilities.

Year ended 30 June 2010	Less than 3 months (\$000)	3 months to 1 year (\$000)	1-5 years (\$000)	Total (\$000)
Accounts payable	2,632	-	-	2,632
	2,632	-	-	2,632

Year ended 30 June 2010	Less than 3 months (\$000)	3 months to 1 year (\$000)	1-5 years (\$000)	Total (\$000)
Accounts payable	1,685	-	-	1,685
	1,685	-	-	1,685

Interest Rate Risk

SAC 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 before tax by \$182,640 (2010 - \$108,930).

Other Market Risks

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

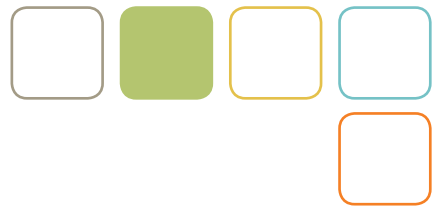
16. Cash Flow Information

	2011 \$'000	2010 \$'000
(a) Reconciliation of Cash		
Cash at bank	12,176	7,262

Call deposits with banks are earning interest at current bank deposit rates. The effective interest rate earned for the year was 4.40% (2010: 1.27%).

(b) Financing Facilities

SAC did not have credit facility as at 30 June 2011.



Notes to the Financial Statements

for the Year ended 30 June 2011 (*continued*)

16. Cash Flow Information (*continued*)

(c) Reconciliation of Cash Flows from Operations with Profit after Income Tax:

Profit after Income Tax

3,805

3,115

Non - cash flow adjustments:

Depreciation expense

1,121

1,403

Amortisation expense

1,185

1,172

(Gain)/Loss on disposal of plant and equipment

49

(1)

6,159

5,689

Changes in Assets and Liabilities:

(Increase)/decrease in assets:

Receivables

2,846

(3,812)

Other assets

(398)

169

Deferred tax assets

(214)

(412)

Increase/(decrease) in liabilities:

Trade creditors

929

(358)

GST payable

51

(216)

Provision for employee benefits

41

2,423

Provision for lease incentives

(37)

(64)

Provision for tenancy make good

(83)

-

Provision for claims

159

-

Provision for doubtful debts

638

30

Provision for income tax

(404)

1,821

Deferred tax liabilities

(247)

9

3,281

(410)

Net Cash Flow from Operations

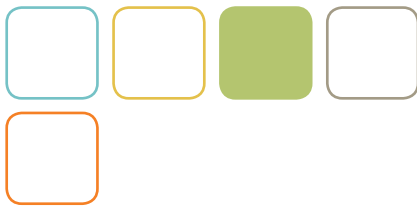
9,440

5,279

17. Subsequent Events

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

- 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
- other events occurring after the reporting date that are to be disclosed in compliance with Australian Accounting Standard AASB 110 'Events After the Balance Sheet Date'.



18. Contingent Assets and Liabilities

At balance date and up to the signing of these financial statements there are no known contingent assets or contingent liabilities.

19. 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 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 company. An amount of \$1,250,000 has been set aside as at balance date (2010:\$1,150,000).

Long Term Incentive Scheme

The long term incentive scheme is a 4 year 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 company. The value will be determined through a Board approved valuation model. As at 30 June 2011 the company set aside a preliminary provision of \$128,000 (2010: \$250,000).

— End of Financial Statements —

Part D —

Appendix



Appendix 1 - Statistics about GIPA access applications 1 July 2010 to 30 June 2011	D2
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Appendix 1 – Statistics about GIPA access applications 1 July 2010 to 30 June 2011

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)	90	84	0	0	0	0	0	2
Members of the public (other)	184	211	0	3	0	0	0	2

*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*	274	295	0	3	0	0	0	4
Access applications (other than personal information applications)	0	0	0	0	0	0	0	0
Access applications that are partly personal information applications 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).



Table C: Invalid applications

Reason for invalidity	No of applications
Application does not comply with formal requirements (section 41 of the Act)	8
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	8
Invalid applications that subsequently became valid applications	1

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	0
Cabinet information	0
Executive Council information	0
Contempt	0
Legal professional privilege	45
Excluded information	0
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
Responsible and effective government	0
Law enforcement and security	0
Individual rights, judicial processes and natural justice	287
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

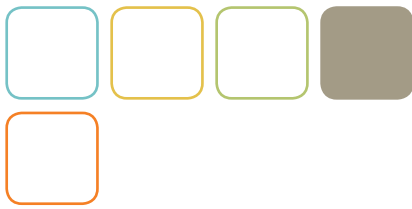


Table F: Timeliness

	Number of applications
Decided within the statutory timeframe (20 days plus any extensions)	495
Decided after 35 days (by agreement with applicant)	0
Not decided within time (deemed refusal)	81
Total	576

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	1	1
Review by Information Commissioner*	0	0	0
Internal review following recommendation under section 93 of Act	0	0	0
Review by ADT	0	0	0
Total	0	1	1

*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	1
Applications by persons to whom information the subject of access application relates (see section 54 of the Act)	0



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