



Michael Daley MP
Minister for Police
Minister for Finance

**SAS TRUSTEE CORPORATION - SUPPLEMENTARY BUDGET ESTIMATES
HEARING - TUESDAY 17 NOVEMBER 2009
Answers to Questions taken on Notice**

The Hon. GREG PEARCE: Mr Durack, can you update us on the sale of Pillar, in particular what the current state of play is? Who has been appointed to assist? What are they doing? What is the program?

Mr DURACK: You would need to ask Treasury about the sale of Pillar. We use Pillar as the administrator of the State Trustee Corporation [STC] so we do not have any direct involvement in the plans for its sale.

The Hon. GREG PEARCE: So you are not involved at all?

Mr DURACK: No. We would obviously be concerned that the services provided by Pillar under any changed arrangements would be appropriate to the services we require, but we are not involved.

The Hon. GREG PEARCE: So you have not been consulted in relation to those services and how they will be delivered on the sale?

Mr DURACK: Not in relation to how they might be delivered post the sale.

The Hon. GREG PEARCE: So you will be handed a new manager without being involved at all?

Mr DURACK: No. We would expect to be consulted, particularly in relation to the services that Pillar was supplying, and we would be an interested stakeholder in any proposal for the sale of Pillar.

The Hon. GREG PEARCE: So are you saying that you have not yet been consulted at all?

Mr DURACK: There was a preliminary investigation at the time and we had a meeting to talk about the services that we receive from Pillar.

The Hon. GREG PEARCE: Who was involved in that meeting?

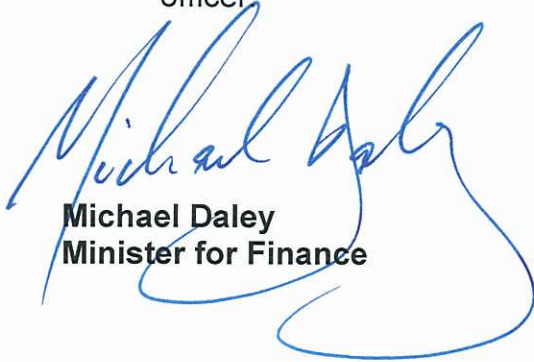
Mr DURACK: I would need to take on notice the attendees, but the attendees from STC were me, our general counsel and our member services manager. We talked about the services that were provided under the contract.

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



A: CEO, General Counsel, General Manager, Member Services, a representative from Goldman Sachs JB Were and a NSW Treasury probity officer



Michael Daley
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



**SAS TRUSTEE CORPORATION - SUPPLEMENTARY BUDGET ESTIMATES
HEARING - TUESDAY 17 NOVEMBER 2009
Answers to Questions taken on Notice**

Mr DURACK: It is an open-ended contract. It has a range of provisions within it in terms of the performance indicators that Pillar is required to meet, the service provision Pillar is required to provide. There is a range of functions that Pillar performs and they are an integral part of the administration of the fund, clearly. So it is a very key agreement for STC.

The Hon. MATTHEW MASON-COX: Open-ended based on the continuing performance?

Mr DURACK: That is right.

The Hon. MATTHEW MASON-COX: Could you just specify the key performance indicators?

Mr DURACK: What I could do is provide them to you on notice because there are many, and they would include things like the timely payment of benefits, the handling of complaints, payments to and fro, the administration reporting requirements. There are many individual key performance indicators and we aggregate those key performance indicators into an overall performance measure as well, which I can also provide to you.

The Hon. MATTHEW MASON-COX: Sort of like a rating. They have to be above a certain—

Mr DURACK: They have to achieve an aggregate score of 95 out of 100 to be considered an acceptable performer. So in the most recent quarterly reports—

CHAIR: You can take that on notice.

Mr DURACK: I can take it on notice.

A: STC has an Administration Agreement with Pillar which sets out the services Pillar provides to STC and the standards that Pillar must attain in providing those services. The following outlines the Key Contractual Requirements which Pillar is required to meet:

REF

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



2.2 (a)	Has Pillar provided services as listed in Schedule 1 in a manner consistent with the Relevant Law, Scheme legislation, Scheme Policies, relevant industry standards and in accordance with Proper Instructions?
2.2 (c)	Has Pillar provided “read-only” on-line access to the computerised data base and on-line inquiry and reporting systems?
2.2 (d)	Has Pillar if requested allowed any Authorised Officer or Personnel of the Trustee and the Auditor access to the Administrator’s offices on reasonable notice and during normal business hours on any Business Day for the purpose of access to all data used and generated in the course of performing the Administration Services and to all the data held by or under
2.2(e)	Has Pillar used reasonable care and exercised due diligence and vigilance in carrying out its functions, powers and duties?
2.2 (h)	Has Pillar effected and maintained a contract of insurance under a contract of coverage with the NSW Treasury Managed Fund?
2.2 (i)	Has Pillar kept proper books, records, accounts and information in relation to the Administration Services?
2.2 (s)	Has Pillar kept the trustee fully informed of the progress to date in the various scheme migration projects?
2.2 (u)	Has Pillar become aware of the occurrence of any significant event or circumstance which may have an adverse effect on the fund?
2.2 (x)	Has Pillar become aware of any changes in key positions or key personnel?
6.2	Has Pillar delegated any of its powers?
11.2	Has Pillar notified the trustee of variations in the nomination of Authorised Officers?
12.2	Has Pillar developed, implemented and maintained a business continuity and disaster recovery strategy acceptable to the Trustee in respect of all
17.1	Has Pillar ensured the correct treatment of confidential information as per the agreement?

Please note that references are to Clauses in the Administration Contract.

The following outlines the Key Performance Indicators:

Admin Service Item	Description of KPI	Performance Standard
---------------------------	---------------------------	-----------------------------

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



Admin Service Item	Description of KPI	Performance Standard
A. Member Administration		
1	Establish Member accounts	95% within 5 business days of receipt of all information
2	Member record keeping	95% within 5 business days of receipt of all information
3	Member exits and payment of lump sum benefits	95% within 5 business days of receipt of all information
		95% Further follow up within 30 business days
4.2	Payment of pensions	100% by fortnightly due date
5	Establish deferred benefit record	95% within 5 business days of receipt of all information
6	Assess application for additional benefit cover	95% of assessments commenced within 5 business days of receipt of request
41.4	Maintenance of member website	Update within 5 business days of Trustee approval
42.1	Maintenance of employer website	Update within 5 business days of Trustee approval
B. Communication and Member Services		
9.2	Telephone call answer speed - SASS & Pensioners	90% of calls answered within 60 seconds
	Telephone call answer speed - SSS & PSS	90% calls answered within 80 seconds
	Telephone average waiting time - SASS & Pensioners	Less than 30 seconds
	Telephone average waiting time SSS & PSS	Less than 40 seconds
	Telephone call abandonment rate	Less 3%
10.2	Provide benefit quotes to members	95% within 5 business days of receipt of request

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



Admin Service Item	Description of KPI	Performance Standard
10.1	Respond to member communications by email or by letter, including enquiries and complaints	95% within 15 business days of receipt of all information
11	Member Interview service - With appointments	within 5 minutes of arranged time
	Member Interview service - Without appointments	within half a day
12	Forms, Fact sheets and Standard letters	Produce updated material within 20 business days of Trustee approval
17	Arrange printing and manage the stock control of scheme booklets, fact sheets, forms and brochures	Produce updated material within 20 business days of Trustee approval
C. Employer Services		
19	Contribution processing	allocate 95% contributions within 5 business days of receipt
21.4	Telephone call answer speed	Calls to be returned within 4 business hours of receipt
E. Reporting and Information Requirements		
29.1	Calculate interim Interest Rate	Daily
23	Reconciliation of bank accounts	Weekly

Pillar is required to achieve an aggregate score of 95 out of 100.

This score aggregates Pillar's performance in areas of Member Administration, Communication and Member Services, Employer Services, Reporting and Major Periodic Functions.


Pillar exceeded the required Aggregate Performance Index of 95 in the June 2009 (96.77) and September 2009 (97.10) quarters. For the three previous quarters Pillar did not achieve the required score of 95 – September 2008 (94.23) December 2008 (90.82) and March 2009 (94.00).

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



However, most of the individual KPIs were met during those quarters.


Michael Daley
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



**SAS TRUSTEE CORPORATION - SUPPLEMENTARY BUDGET ESTIMATES
HEARING - TUESDAY 17 NOVEMBER 2009
Answers to Questions taken on Notice**

Mr DURACK: Where there is a shortfall in a key performance indicator there is always a reason that is documented and put forward as part of the ongoing relationship.

The Hon. MATTHEW MASON-COX: Which areas are they documented and put forward in? Can you just identify a few of the areas that were of concern in relation to the key performance indicators?

Mr DURACK: In relation to the volume of calls, there may be a key performance indicator to answer a certain number of calls, which are very high-volume, within a prescribed period of time. If, for example, Pillar fell short on that, they would document the workflow reason for that.

The Hon. MATTHEW MASON-COX: Perhaps in your response if there are others you might just document those to the committee too so far as taking it on notice?

Mr DURACK: Absolutely.

A: The major contributing factors which resulted in Pillar not meeting the required aggregate score of 95 are set out below for the respective quarters.

September 2008 quarter (94.23)

- The weighted score for Employer services was 84.40% due to the fact that not all employer calls were returned within 4 business hours of receipt. This was as a consequence of resourcing issues which Pillar addressed.
- The weighted score for *Reporting* was 85%. There are a number of items which are taken into account when determining the weighted score for reporting. Pillar did not meet the required standard as they did not provide the quarterly Membership and Member Communication Statistics reports on the required date (15 days after end of quarter). This does not impact the service Pillar provides to members.

The weightings in the Aggregate Performance Index are such that if Pillar had provided these reports on time, the Aggregate Performance Index for the September 2008 quarter would have been 96.23.

December 2008 quarter (90.82)

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



- The weighted score for *Reporting* was 85% as the quarterly Membership and Member Communication statistics reports were not provided on the required date; and
- the weighted score for *Major Periodic Functions* was 69% as all Member Annual Statements were not issued by the contractual date of 31 October. All statements were issued before the statutory deadline of 31 December. Delays were in the main for Police Superannuation Scheme (PSS) Statements which were being produced for the first time from the new computer system installed to accommodate the introduction of a salary sacrifice option for compulsory member contributions. The PSS Statements were issued on 12 December 2008.

In addition a couple of individual KPIs were not met.

Establish Member Accounts

The standard requires 95% of accounts to be established within 5 business days of receipt of all information. As the STC schemes are closed schemes, new accounts are only established for members who transfer between the Local Government and State sectors. Two such transfers weren't completed within 5 days. (71.4% of accounts were established within standard).

Member Exits and Payment of Lump Sum Benefits

Pillar is required to process 95% of benefit payments within 5 business days of the receipt of all information. Pillar achieved 90.1% as the required regression testing on the new PSS Acurity System meant that the system was not available at all times for benefit processing.

March 2009 quarter (94.00)

- The weighted score for Member Administration was 88.23%. A number of items are taken into account for Member Administration.

The main contributing factors were that two KPIs were not met:

- *Member Exits and Payment of Lump Sum Benefits*
Pillar is required to process 95% of benefit payments within 5 business days of receipt of all information. In the March 2009 quarter 88.23% were processed. The March quarter normally has high processing volumes. However, additional volumes resulted from the fact that exits had to be reprocessed for 245 SSS members and 200 SASS members as a consequence of backdated salary increases for members employed by the Department of Education and TAFE.

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



- *Establish Deferred Benefit Records*
71.9% of member records were established within 5 business days of the receipt of all information (Standard requires 95%). This also resulted from high benefit payment volumes and the necessity for benefits to be reprocessed for revised salaries resulting from the backdated salary increases.



Michael Daley
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



**SAS TRUSTEE CORPORATION - SUPPLEMENTARY BUDGET ESTIMATES
HEARING - TUESDAY 17 NOVEMBER 2009
Answers to Questions taken on Notice**

The Hon. MATTHEW MASON-COX: Has it been your experience that they have scored 95-plus every time or has there been a deficiency?

Mr DURACK: No, they do not score it every time, but the trend more recently has been up, if I can characterise it that way.


The Hon. MATTHEW MASON-COX: Could you also provide us with the trend line in that regard, exactly the level of performance they have been operating at against the contract?

Mr DURACK: Yes.

A: Pillar is required to achieve an aggregate score of 95 out of 100.

This score aggregates Pillar's performance in areas of Member Administration, Communication and Member Services, Employer Services, Reporting and Major Periodic Functions.

Pillar exceeded the required Aggregate Performance Index of 95 in the June 2009 (96.77) and September 2009 (97.10) quarters. For the three previous quarters Pillar did not achieve the required score of 95 – September 2008 (94.23) December 2008 (90.82) and March 2009 (94.00).



Michael Daley
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



**SAS TRUSTEE CORPORATION - SUPPLEMENTARY BUDGET ESTIMATES
HEARING - TUESDAY 17 NOVEMBER 2009
Answers to Questions taken on Notice**

The Hon. MATTHEW MASON-COX: How long has the open-ended contract been with Pillar? How long have you had that arrangement?

Mr DURACK: I will have to come back to it in terms of details around the latest timing of negotiation, if you like. The contract as it stands today has been in place for a significant period of time.

A: STC entered into the current Administration Agreement with Pillar on 30 September 2005. It was amended on 27 September 2006 following a fee negotiation.



**Michael Daley
Minister for Finance**

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



**SAS TRUSTEE CORPORATION - SUPPLEMENTARY BUDGET ESTIMATES
HEARING - TUESDAY 17 NOVEMBER 2009
Answers to Questions taken on Notice**

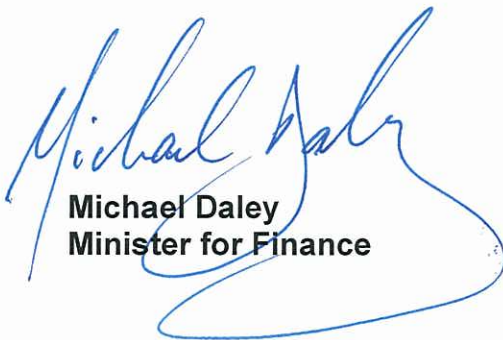
The Hon. MATTHEW MASON-COX: What sort of fees do you pay to Pillar each year?

Mr DURACK: The budget for this year for fees to Pillar would be in the order of about \$27 million.

The Hon. MATTHEW MASON-COX: And last year and the year before, something of the same order?

Mr DURACK: Of the same order, but I can provide those figures.

A: Year ended 30 June 2008 \$27.212m
Year ended 30 June 2009 \$26.974m



**Michael Daley
Minister for Finance**

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



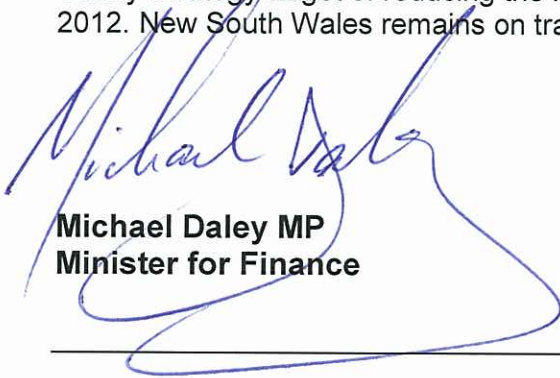


Michael Daley MP
Minister for Police
Minister for Finance

WorkCover NSW - Supplementary Budget Estimates Hearing
Answers to Questions taken on Notice

The Hon GREG PEARCE: *I refer to the reduction in workplace incident rates of 40 per cent by 2012, on the 2002 baseline. Can you give us an update on how that is going?*

WorkCover regularly tracks its performance against the National Occupational Health and Safety Strategy target of reducing the incidence of workplace injuries by 40 per cent by June 2012. New South Wales remains on track to achieve this target.



Michael Daley MP
Minister for Finance

The Hon GREG PEARCE: *Are you able to provide an update of workplace fatalities, where the objective was a reduction of 20 per cent by 2012, on the 2002 baseline?*

WorkCover regularly tracks its performance against the National Occupational Health and Safety Strategy target of reducing the incidence of workplace fatalities by 20 per cent by June 2012. New South Wales surpassed this target in 2007/08.



Michael Daley MP
Minister for Finance

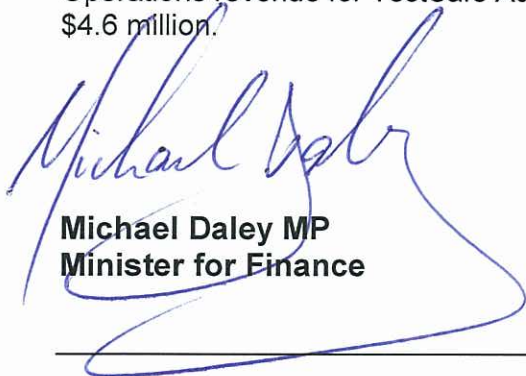
Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



The Hon GREG PEARCE: *Can you tell us about revenues from WorkCover NSW TestSafe facilities?*

Operations revenue for TestSafe Australia for the financial year ended 30 June 2008 was \$4.6 million.

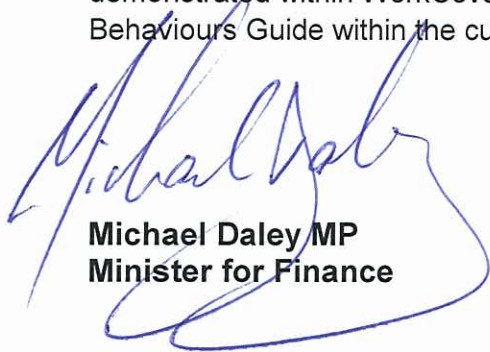


**Michael Daley MP
Minister for Finance**

The Hon MATTHEW MASON-COX: *I refer to the strong results from the 750 people who responded in the September 2009 survey. Would you further elucidate the specifics of that survey?*

A total of 758 employees responded to the Respectful Behaviours Survey, resulting in a response rate of 58.4 per cent based on the overall population of 1,297.

I'm advised results provided strong evidence that respectful behaviours are being actively demonstrated within WorkCover. WorkCover will continue to embed the Respectful Behaviours Guide within the culture, policies and day-to-day operations of the organisation.



**Michael Daley MP
Minister for Finance**

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au

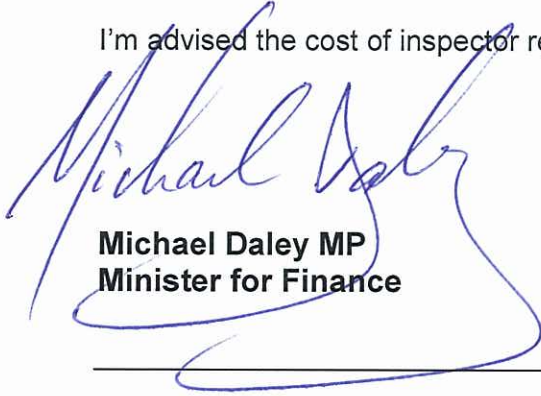


Ms LEE RHIANNON: *Could you provide us with information about the cost of the 2009 inspector recruitment campaign?*

WorkCover ran an Inspector Recruitment Campaign to increase awareness of inspector recruitment and attract quality applicants for the roles within WorkCover.

Response to the advertising was excellent with 37,931 visits to the inspector jobs website. 2965 applications were received, up from the 1600 applications the year before.

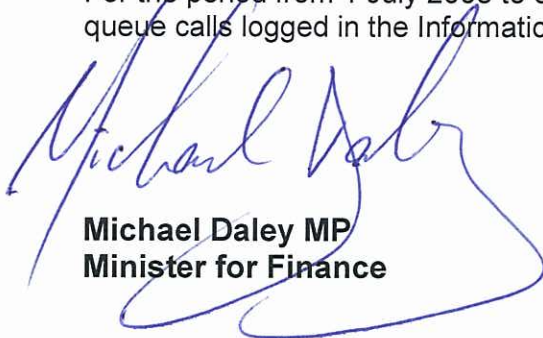
I'm advised the cost of inspector recruitment in 2008/09 was \$93,627.



Michael Daley MP
Minister for Finance

Ms LEE RHIANNON: *What is the percentage of inquiries and number of complaints for bullying received by WorkCover over the past year?*

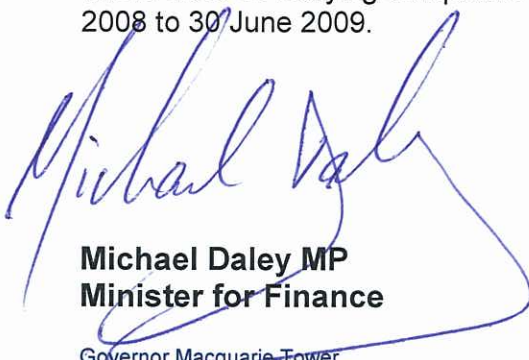
For the period from 1 July 2008 to 30 June 2009, approximately 1.3 per cent of the total queue calls logged in the Information Centre related to inquiries about bullying.



Michael Daley MP
Minister for Finance

Ms LEE RHIANNON: *How many complaints of bullying has WorkCover received over the past year from Government workers?*

There were 61 bullying complaints from government departments during the period 1 July 2008 to 30 June 2009.



Michael Daley MP
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au

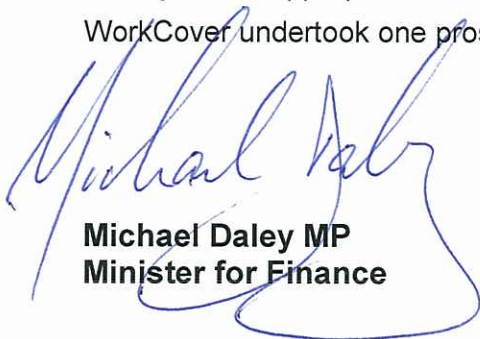


Ms LEE RHIANNON: *How many investigations or prosecutions has WorkCover commenced in relation to incidents to do with bullying?*

When bullying is reported to WorkCover, WorkCover inspectors can attend the workplace and provide guidance and advice in relation to the prevention of workplace bullying.

Inspectors can also make necessary enquiries to determine whether a risk to health and safety is, or may be posed by workplace bullying and undertake prevention and enforcement activity where appropriate.

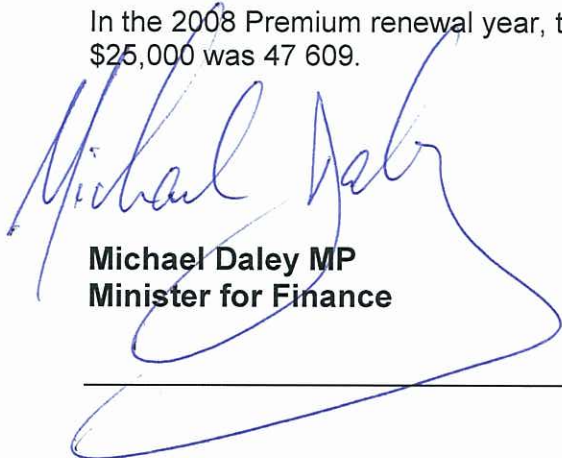
WorkCover undertook one prosecution for bullying in the private sector.



Michael Daley MP
Minister for Finance

The Hon. GREG PEARCE: *Do you have statistics on the number of employers in the scheme who are paying up to \$10,000, \$15,000, \$20,000 or \$25,000?*

In the 2008 Premium renewal year, the number of employers paying a premium up to \$25,000 was 47 609.



Michael Daley MP
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

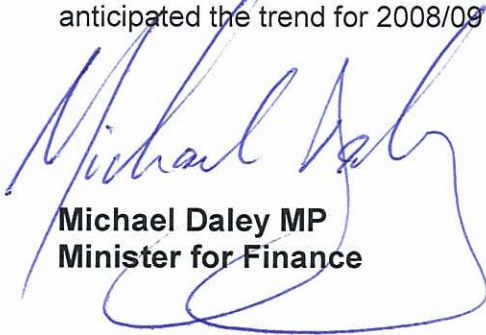
Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



The Hon. GREG PEARCE: *WorkCover last year spent \$17.8 million on contractors, which was a \$4 million increase. Who are those contractors and what is the trend this year?*

WorkCover's Annual Report includes the Workers Compensation Commission.

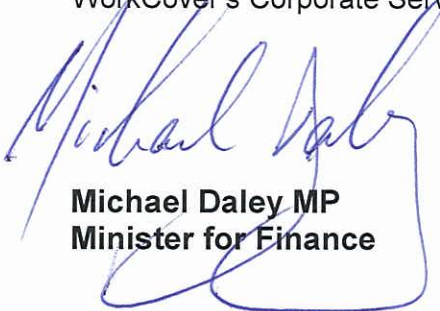
Contractors include arbitrators, medical specialists, medical panels and mediators. It is anticipated the trend for 2008/09 will be downward.



Michael Daley MP
Minister for Finance

The Hon. GREG PEARCE: *Who is responsible for your IT management?*

Responsibility for WorkCover's IT management falls under the General Manager of WorkCover's Corporate Services Division, Mr Rob Gray.



Michael Daley MP
Minister for Finance

The Hon. GREG PEARCE: *Consultancies last year were \$250,000-odd, again for management services. Was that the Workers Compensation Commission review?*

A review of the Workers Compensation Commission does not form part of WorkCover's management services consultancy costs in 2007/08.



Michael Daley MP
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

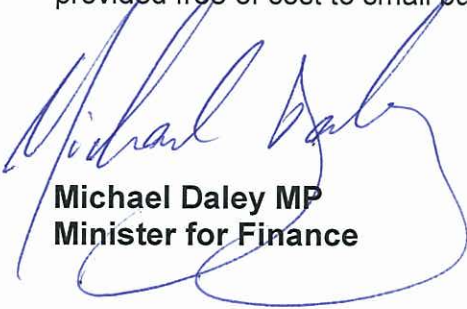
Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au



The Hon. GREG PEARCE: *Could you give us an outline of the programs you have running surrounding workers compensation, the cost of each of those and the numbers of people engaged in them?*

WorkCover has a number of advisory programs for employers and employees to assist them in navigating the New South Wales workers compensation system.

In 2008/09, over 7500 people attended more than 640 workshops of which 210 dealt with the essentials of workers compensation and injury management. These services are provided free of cost to small businesses.



Michael Daley MP
Minister for Finance

Governor Macquarie Tower
1 Farrer Place
Sydney NSW 2000

Phone: 02 9228 5665
Fax: 02 9228 5699
E-mail: office@daley.minister.nsw.gov.au

