



COAL LSL

CORPORATE PLAN 2020/21



Australian Government

Coal Mining Industry
(Long Service Leave Funding) Corporation



CEO INTRODUCTION

It has given me enormous pleasure over the past few years to see the Coal LSL team adapting along a pathway of transformation while remaining unwavering in its passion and commitment to connecting our clients with their long service leave entitlements.

By engaging with employers across the country to help them understand their long service leave obligations to their employees, we've been able to bring more eligible employees into the scheme. It's incredibly rewarding for everyone at Coal LSL to know we are playing a real part in giving those working in Australia's black coal mining industry the time they've earned to relax and enjoy a well-deserved break.

Unfortunately, in 2020 long service leave became more than just time employees could access for rest and relaxation. It also became a lifeline for many whose employment was thrown into uncertainty by the pandemic; and as COVID-19 began taking its toll on the industry, we saw a number of employees use their entitlements to bridge employment gaps.

Our 2020–21 Corporate Plan consolidates Coal LSL's commitment to the industry by prioritising our enhanced approach to compliance and cementing our place as a trusted regulator.

We have a very clear purpose at Coal LSL – to connect employers and employees with long service leave for the good of Australia's black coal mining industry – and this is a constant driver in the way we work.

To that end, we have four strategic goals guiding us towards delivering value to the industry: prudent financial management; easy to do business with; connected, capable people; and optimised operations. Through them, we are building on our foundations by delivering sustainability of the Fund, advancing the client experience, supporting an informed and aligned workforce, and operating effectively and consistently with advanced process efficiencies.

Additionally, we are working to progress legislative change we believe will be beneficial to the entire industry by bringing clarity to the legislation and supporting ongoing regulatory efficiencies and streamlined administrative processes.

We look forward to the years ahead as we continue to partner with Australia's black coal mining industry to benefit all through the provision of the nation's most generous long service leave workplace entitlement.

Darlene Perks
Chief Executive Officer

STATEMENT OF PREPARATION AND COVERAGE PERIOD

We, the Board, as the accountable authority of the Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL), are pleased to present the 2020 Corporate Plan, which covers the periods 2020–21 to 2024–25, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013*.





CONTENTS

CEO INTRODUCTION	02
PURPOSE	05
About us	05
Role	05
Guiding Principles	06
Trusted Regulator	07
OUR STRATEGIC GOALS	08
OUR PRIORITIES	10
ENVIRONMENT	12
Markets	12
Investments	12
Compliance with our governing legislation	14
Regulation	14
Employment trends in the coal mining industry	14
RISK MANAGEMENT	15
CAPABILITY	16
People	16
Technology	17
PERFORMANCE	18



PURPOSE

Our purpose is to connect employers and employees with long service leave for the good of Australia's black coal mining industry.

ABOUT US

Coal LSL is an Australian corporation established to regulate and manage long service leave entitlements on behalf of eligible employees of the black coal mining industry.

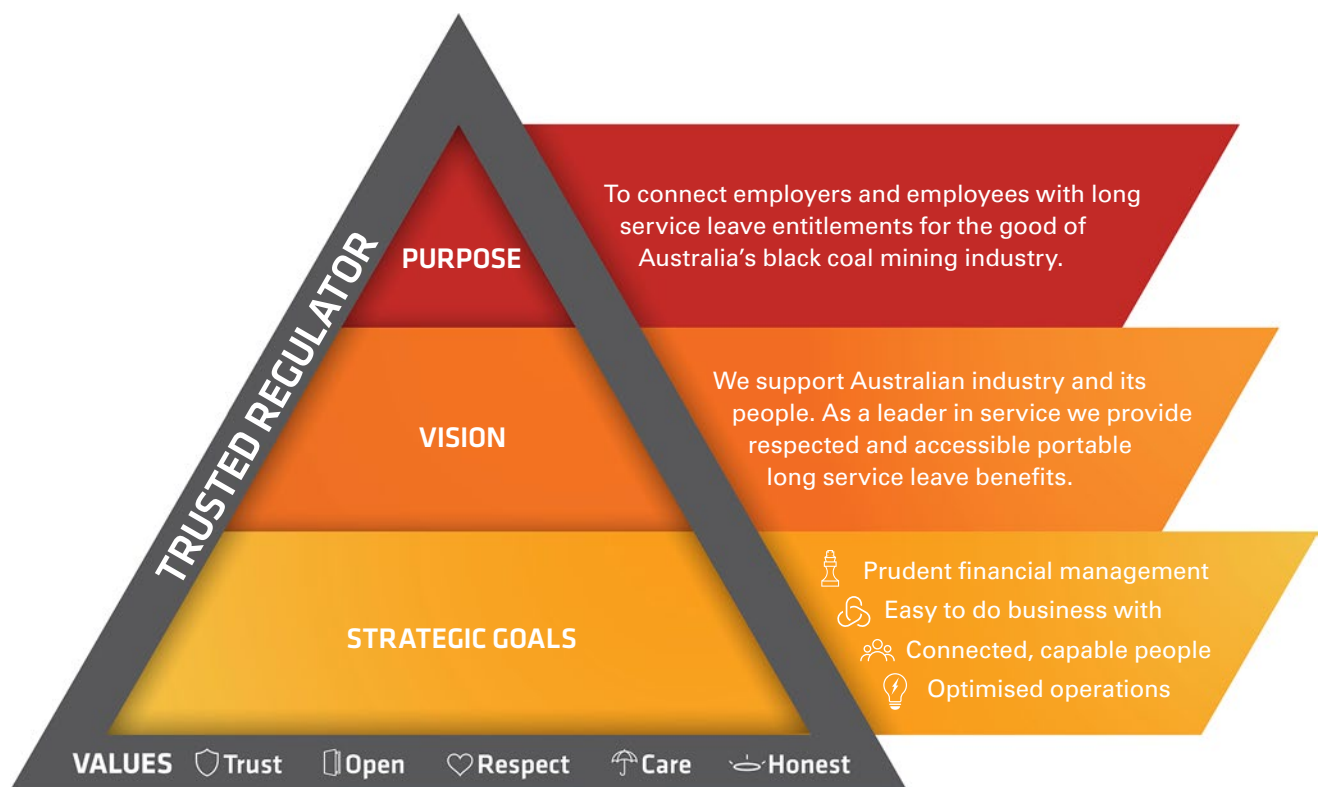
ROLE

Established under the *Coal Mining Industry (Long Service Leave) Administration Act 1992* (the Admin Act), our role is to:

- ▲ Collect funds from employers by way of levy
- ▲ Invest funds and ensure fund sufficiency to finance the cost of reimbursements of long service leave
- ▲ Ensure accurate and compliant record keeping
- ▲ Reimburse employers' authorised payments of long service leave
- ▲ Enable recognition of long service leave entitlement for eligible employees.

GUIDING PRINCIPLES

Our guiding principles steer us and form the heart of our commitment to our business, our stakeholders, our clients and ourselves.



Through our principles we remain anchored to the values that form the foundation of Coal LSL and foster an environment that is aligned and focused.



TRUSTED REGULATOR

Under our governing legislation, Coal LSL is the regulator and manager of the Australian black coal mining industry long service leave scheme.

Our regulatory responsibility is to ensure employers understand and meet their legislative obligations in order to provide eligible employees with access to their correct and rightful entitlements.

To be an effective regulator, it is imperative our stakeholders trust Coal LSL to act within its authority and use its powers properly.

As our business has grown and evolved, we have built strong foundations to do so by engaging with employers and educating them on their obligations under the legislation. Through positive, meaningful and informed interactions with stakeholders, Coal LSL has built awareness and understanding of our scheme and communicated the fundamental value it provides to the industry.

To date, with a focus on education, our proactive management of employer non-compliance has resulted in a significant increase in registered employers.

With this as a foundation, the next four years will see us amplifying our role as a regulator by extending our employer compliance efforts to ensure clarity on the correct application of the legislation. To support this, we will be pursuing a suite of legislative amendments that have been proposed to the Minister for Industrial Relations.

Hand in hand with our role as a regulator comes our role as manager of the Fund. In this role Coal LSL is responsible for safeguarding the data, records and information held for the purposes of carrying out our role, as well as for protecting the fiscal integrity of the Fund.

To do so effectively, Coal LSL will harness our regulatory powers to take a stronger stance on non-compliance, using the suitable litigatory measures where applicable.



OUR STRATEGIC GOALS

During the next four years, we will focus on four strategic goals to guide us in our role as a trusted regulator.

Our goals are:



PRUDENT FINANCIAL MANAGEMENT

Sustainability of the Fund and fiscal accountability are at the heart of Coal LSL's purpose. We will maintain this through a strategy for long-term investment portfolio performance and responsible management of the business.

Our corporate objective is to maintain a surplus in the Fund of 115% (+/-5%), with our investment strategy calibrated based on the Fund's investment and corporate objectives.



EASY TO DO BUSINESS WITH

Enhancing our digital capabilities and ensuring clients can access timely, accurate information is key to advancing the client experience at Coal LSL. We are focusing on implementing systems to help us achieve this in tandem with an enhanced service model across the business.

Streamlining the client experience is paramount. To this end, we will expand user-friendly self-service options and integrated systems with a variety of fast and easy ways to transact with Coal LSL. At the same time, it is our aim to develop multi-channel online services while maintaining personal interactions.



CONNECTED, CAPABLE PEOPLE

We aspire to maintain an informed, aligned and engaged team by embedding the purpose, vision and values of Coal LSL into the roles of our workforce, and maximising the capability, expertise and wellbeing of our people to ensure success.

We take pride in our brand values and support our stakeholders with an informed, passionate team which fulfils its purpose and optimises collegial relationships through collaboration and interaction.



OPTIMISED OPERATIONS

We strive to continually improve and streamline our processes by harnessing innovation, reducing manual work and adopting standard ways of operating.

By embedding business process improvements, contemporary program management practices, integrated technology platforms, service delivery excellence and core operating frameworks, Coal LSL will offer increasingly effective and efficient operations.

We will continue to identify ways we can innovate and respond rapidly and flexibly to changing business needs, client expectations and future digital initiatives. Using data and analytics to inform our decisions, we will capitalise on our internal capability in this area to pinpoint where we can automate processes to enable service improvements.

OUR PRIORITIES

PRUDENT FINANCIAL MANAGEMENT

Coal LSL is responsible for safeguarding the financial reserves and long-term sustainability of the Fund to provide for the long service leave entitlements for every eligible employee in the black coal mining industry. It is vital we maintain financial resilience and stability of the Fund, particularly at times of heightened vulnerability and uncertainty in global investment markets.

Our priorities are to:

- ▶ Optimise strategic asset allocation for investments
- ▶ Enhance business planning, analysis and alignment
- ▶ Evolve Business Intelligence capability.

Evolving our strategic and operational frameworks will support these priorities, as will the implementation of systems to build on our data management, interpretive tools and cross-business consistency.

Safeguarding the sustainability of the Fund is paramount. Robust financial discipline is practised through our strategic asset allocation review; and through the prudent management of our operational budgets.

EASY TO DO BUSINESS WITH

Optimised, informed and streamlined interaction with clients – specifically employers and employees – is vital to Coal LSL's role as an effective regulator and reliable custodian of long service leave records and data. Continuous improvement and enhancement of our service model drives value for stakeholders and supports a high-performing organisation.

Our priorities are to:

- ▶ Digitise client transactions
- ▶ Enable multi-channel access to accurate information
- ▶ Evolve client education programs.

Coal LSL will mature its client experience to ensure it is consistent, engaging and effective. To do so, we will enhance our interaction platforms for clients, digitise forms, and further develop the delivery of client education to support these priorities.

CONNECTED, CAPABLE PEOPLE

Collaboration, communication and an organisation-wide alignment to our values and purpose underpin the shared principles of the Coal LSL workforce. Fostering this through continued attention to our corporate culture and by tailoring skill development is critical to the business.

Our priorities are to:

- ▲ Implement an organisation development program
- ▲ Evolve the workplace operating model
- ▲ Enhance our staff connection activities.

To deliver on these priorities, we will develop several initiatives to support our workforce in their community affiliation, mature our health and wellbeing programs, evolve our ways of working and introduce initiatives for the continued development and retention of staff and skills.

OPTIMISED OPERATIONS

Simplified, integrated operations will deliver efficiency and consistent connection for clients. By continually capitalising on our internal capability and Business Intelligence, Coal LSL will remain innovative and responsive to client needs.

Our priorities are to:

- ▲ Drive business process efficiencies
- ▲ Develop an innovation discipline and capability
- ▲ Expand operating frameworks.

Our commitment to continuous improvement, the re-engineering of primary processes and the maturation and refinement of operating frameworks underpin these priorities.

ENVIRONMENT

MARKETS

The COVID-19 pandemic has had a significant impact on both the energy sector and investment markets. In the World Energy Outlook 2020*, the International Energy Agency estimates that global energy demand is down by around 5%. These factors have impacted the global demand for coal, which is estimated* to have fallen by around 7%. The path back to pre-COVID levels of energy demand is expected to take several years.

Despite reduced global demand for coal, weakness in coal prices and a rising number of countries and companies targeting net-zero emissions (typically with mid-century targets), Coal LSL has experienced growth in both the number of registered employers and active employees. This trend is expected to continue as a result of Coal LSL's proactive engagement strategies.

INVESTMENTS

The investment portfolio was in a very strong funding position pre-COVID, with assets around 1.5 times liabilities. It remains in a strong position. However, the one-year rolling return is below the actuarial earning rate of 5.5%. Currently the long-term average annual returns are well above the actuarial earning rate. There is a risk that long-term returns will deteriorate in the future as strong historical returns are replaced with weaker future returns.

The portfolio was impacted by sharp falls in global equity markets in February and March 2020 when many of the major economies went into lock-down. However, equity markets recovered as governments and central banks moved quickly to provide support and stimulus programs to limit the economic consequences of the pandemic.

Triggered by the likely impact of monetary and fiscal stimulus on both short- and long-term interest rates and the prospect of interest rates staying low for a long time, significant changes have been made to the strategic asset allocation of the Fund to enhance the likelihood of delivering the return objectives within acceptable risk parameters.

The challenging economic conditions during 2020 combined with significant stimulus are likely to generate the beginning of a new economic cycle, the benefits of which should emerge during 2021. The recent changes to the strategic asset allocation and manager configurations should enable the portfolio to benefit from such upswing.

* <https://www.iea.org/reports/world-energy-outlook-2020>



COMPLIANCE WITH OUR GOVERNING LEGISLATION

The portable long service leave scheme was established in 1949. Since then, it has had several iterations and legislative amendments, from which some uncertainty about obligations and entitlements from some sectors of the industry has arisen.

This is particularly so around the application of the legislation. This has resulted in a number of non-compliance issues, including instances of employers – particularly in the maintenance, repairs and other service companies – disputing the eligibility of their employees under the Admin Act, leaving eligible employees unable to access their entitlements.

Coal LSL has addressed this, and a number of other issues, in a briefing to the Minister of Industrial Relations (September 2020) on a suite of proposed legislative and regulatory changes that will support a less complex and more prescriptive regulatory process to facilitate prescriptive compliance resolutions for stakeholders.

The changes we propose are the result of collaboration with industry representatives who came together as a working party to formulate recommendations for legislative amendments. These changes will facilitate consistent operational processes and business rules to ensure the continued relevance of the scheme, provide clarity around the legislation and support ongoing efficiencies and effective administration for employers, eligible employees and Coal LSL as an entity.

REGULATION

As a corporate Commonwealth entity, Coal LSL is bound by government frameworks resulting in a regulatory environment that is heavily influenced by the national political environment.

Australia-wide industrial relations (IR) reform is currently at the forefront of the political landscape. The issue of what it means to be a casual employee is of major concern across many sectors but particularly in the coal mining industry. This focus has come about through consultation by a number of working groups put together by the Federal Government to find ways to reform Australia's IR system and tackle problems within it that obstruct Australia's economic recovery in the face of COVID-19.

As the IR landscape continues to evolve around us, we dedicate substantial resources to government relations, public affairs and governance. This keeps us attuned to the external environment in which we operate and allows us to adapt and respond where necessary.

EMPLOYMENT TRENDS IN THE COAL MINING INDUSTRY

The increasing trend towards contracting and outsourcing functions and services directly connected with the day-to-day operations of a mine means that as the IR climate of Australia changes, so does the staffing of coal mines and associated industries.

The use of labour hire companies and the employment of casual employees are practices that look set to continue for the foreseeable future, with the possibility of new definitions of what it means to be a casual arising through nationwide IR reform.

Our role as a trusted regulator has never been more vital. The onus is on Coal LSL to ensure every eligible employee in the black coal mining industry has access to their rightful long service leave entitlements.



RISK MANAGEMENT

Coal LSL's approach to risk management is structured, customised, dynamic and constantly evolving.

Through a comprehensive understanding of the risks and opportunities inherent in the operations of our business, in the factors beyond our control and in the environment in which we operate, Coal LSL proactively mitigates and plans appropriately.

In 2020–21 our objectives for the risk program will be more systematic and integrated to:

- ▲ Align risk management to support and enable strategic and operational risk-based decisions
- ▲ Improve the use of risk information to inform business decisions
- ▲ Maintain consistency and practicality in our risk management practice.

Coal LSL has a low appetite for risk in the areas of:

- ▲ Achieving the Fund's investment objective
- ▲ Our reputation as a regulator
- ▲ Industry non-compliance
- ▲ Stakeholder management
- ▲ Client experience
- ▲ Organisational culture.

An understanding of risk is vital to the success of our strategic goals. To this end, risk assessment and management must be embedded as part of the decision-making process across the business.

CAPABILITY

Australia's black coal mining industry is a dynamic environment, underpinning a vast amount of the country's economic strength, particularly in NSW, Queensland and Western Australia.

As the regulator and manager of the industry's long service leave scheme, it is vital Coal LSL has the capability to perform its functions by being flexible and responsive to the changing needs of the industry.

Coal LSL continues to build on the strengths of our people, processes, governance, partnerships and technology. We move into the future with the strength of leveraging what we've learned and maximising, maturing and utilising our capabilities in order to grow, innovate and strive for excellence as a trusted regulator.

PEOPLE

Coal LSL's workforce continues to grow as we deliver on our purpose of connecting employers and employees to long service leave.

The success we've had with our ongoing employer engagement work, coupled with operational improvements and additional service offerings, has triggered an increase in capacity and capability through additional head count and enhanced systems. We predict this growth will continue and, as this happens, we will further increase head count to ensure our capacity for service delivery is met and the roll-out of our enhanced client experience strategy is not compromised.

Over the next four years Coal LSL will also continue to build on the capability of our workforce, strengthening connections within the organisation and bringing our TORCH values (Trust, Open, Respect, Care, Honest) to life in the way we work.

With that comes an evolution in the ways we work as we explore how we can more effectively interact and collaborate to maximise value for clients.

Additionally, we will:

- ▲ Focus on employee health and wellbeing initiatives and strategies
- ▲ Position organisation goals to individual contribution
- ▲ Attract the right people by articulating the employee value proposition and sourcing talent to strengthen our internal capability i.e. recruit on behaviours as well as technical skills and abilities, and ensure alignment with our TORCH values
- ▲ Grow our service and operational roles
- ▲ Strategically build Coal LSL as an employer of choice.



TECHNOLOGY

Technology is a strategic enabler of Coal LSL's goals and priorities, and an essential driver of operational efficiencies. Improving our technology capability across people, processes and systems will remain a key focus for the business as we evolve our digital roadmap.

Over the past year we continued our focus on enhancing our core systems to improve service delivery and the client experience. Our investment in core system upgrades and integrations has provided the foundation to design and deliver enhanced digital services to optimise client engagement and satisfaction.

At the centre of this is a data-driven focus to advance our Business Intelligence platform and enable insights-based decision making. Hardening our security posture will continue to be a priority for the organisation to ensure a robust, scalable, secure technology environment and business operation. With technology as a key enabler of our transformation agenda, we will continue to drive business improvements with a fit-for-purpose delivery approach that blends contemporary governance practices with agility, flexibility and adaptability.

PERFORMANCE



1. PRUDENT FINANCIAL MANAGEMENT

**DELIVER SUSTAINABILITY OF THE FUND AND
DEMONSTRATE ROBUST FINANCIAL DISCIPLINE**

OUTCOMES

- ▲ Meet Fund surplus target
- ▲ Long-term investment performance
- ▲ Increased productivity

PRIORITIES

- ▲ Optimise strategic asset allocation for investments
- ▲ Enhance business planning, analysis and alignment
- ▲ Evolve Business Intelligence (BI) capability

PERFORMANCE MEASURES

- ▲ Fund surplus
- ▲ Investment portfolio return
- ▲ Operational and capital expenditure

MEASURE	2020–21	2021–22	2022–23	2023–24
FUND SURPLUS	115% (+/-5% Tolerance)	115% (+/-5% Tolerance)	115% (+/-5% Tolerance)	115% (+/-5% Tolerance)
INVESTMENT PORTFOLIO RETURN	CPI + 3% Over rolling 8-year period	CPI + 3% Over rolling 8-year period	CPI + 3% Over rolling 8-year period	CPI + 3% Over rolling 8-year period
OPERATIONAL AND CAPITAL EXPENDITURE	Within budget	Within budget	Within budget	Within budget



2. EASY TO DO BUSINESS WITH

ADVANCE THE CLIENT EXPERIENCE

OUTCOMES

- ▲ Optimised, informed and streamlined client interaction
- ▲ Enhanced service model

PRIORITIES

- ▲ Digitise client transactions
- ▲ Enable multi-channel access to accurate information
- ▲ Enhance client education programs

PERFORMANCE MEASURES

- ▲ Client satisfaction – employers
- ▲ Client satisfaction – employees

MEASURE	2020–21	2021–22	2022–23	2023–24
CLIENT SATISFACTION – EMPLOYERS	Positive measure against baseline	Positive measure against baseline	Positive measure against baseline	Positive measure against baseline
CLIENT SATISFACTION – EMPLOYEES	Positive measure against baseline	Positive measure against baseline	Positive measure against baseline	Positive measure against baseline

PERFORMANCE



3. CONNECTED, CAPABLE PEOPLE

ENABLE AN INFORMED, ALIGNED AND ENGAGED WORKFORCE

OUTCOMES

- ▲ Engaged and satisfied workforce
- ▲ Individual alignment with strategic organisational goals
- ▲ Appropriate head count

PRIORITIES

- ▲ Implement an organisation development program
- ▲ Evolve the workplace operating model
- ▲ Enhance staff connection strategy

PERFORMANCE MEASURES

- ▲ Staff satisfaction

MEASURE	2020–21	2021–22	2022–23	2023–24
STAFF SATISFACTION	Maintain measure from baseline	Maintain measure from baseline	Maintain measure from baseline	Maintain measure from baseline



4. OPTIMISED OPERATIONS

DELIVER EFFICIENT OPERATIONS THROUGH INNOVATION AND STREAMLINED PROCESSES

OUTCOMES

- ▲ Improved levy processing
- ▲ Simplified, integrated operations

PRIORITIES

- ▲ Drive business process efficiencies
- ▲ Develop an innovation discipline and capability
- ▲ Expand operating frameworks

PERFORMANCE MEASURES

- ▲ Levy processing
- ▲ Business frameworks

MEASURE	2020–21	2021–22	2022–23	2023–24
LEVY PROCESSING	Increase in levies straight-through processed	Greater than previous year	Greater than previous year	Greater than previous year
BUSINESS FRAMEWORKS	Improvement of frameworks	Improvement of frameworks	Improvement of frameworks	Improvement of frameworks



COALLSL

MORE INFORMATION

Visit our website
www.coallsl.com.au

M Locked Bag 2021 Newcastle NSW 2300
A Level 3, 18 Honeysuckle Drive
Newcastle NSW 2300

Toll free 1300 852 625 **Intl** +61 (2) 4040 0040
F +61 (2) 4040 0010 **E** query@coallsl.com.au

ABN 12 039 670 644