



Australian Government

Coal Mining Industry  
(Long Service Leave Funding) Corporation

# COALLSL

CORPORATE PLAN 2022/23





## CEO INTRODUCTION

It gives me great pleasure to present this year's corporate plan.

We've reached an important point in Coal LSL's evolution as the Commonwealth organisation facilitating access to portable long service leave entitlements for employees in Australia's black coal mining industry and this year's corporate plan reflects that.

An important shift for Coal LSL this year has been the realignment of our vision and purpose to reflect the important role this scheme performs today and for the future, as well as our maturing regulatory posture. We've outlined the shift in this plan, which we believe sets Coal LSL to deliver on its ambitious agenda for the next four years.

An independent review report commissioned by the previous government was handed down by KPMG Australia in February this year. The report made a number of recommendations requiring legislative change directly to Government and we will continue to support these vital reforms through our work with our government stakeholders.

This four-year plan was created to advance Coal LSL as far as possible without the requisite legislative reform. Given this, and the importance of these legislative changes

to the ongoing efficiencies of the scheme to service the industry effectively, it will remain a priority for us to do whatever we can to support and help facilitate these changes through the parliamentary process.

Coal LSL is steadfastly committed to advancing the organisation as a contemporary portable long service leave scheme aligned to a changing workforce and industry.

The recommendations of the report directed specifically to Coal LSL aligned with our existing strategic direction. This year's corporate plan breaks the next four years down into three interacting phases to ensure we achieve these strategic priorities and, importantly, we are poised to implement and operationalise the anticipated legislative change.

We believe the shift outlined in this plan and the defined programs of work set Coal LSL up for success for the period of this plan and to be positioned with confidence to deliver on our purpose of ensuring employees are connected with their long service leave benefits.

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 2022–23 Corporate Plan, which covers the four-year period from 2022–23 to 2025–26, as required under paragraph 35(1)(b) of the *Public Governance, Performance and Accountability Act 2013* (Cth) (PGPA Act).



## CONTENTS

CEO INTRODUCTION	02
PURPOSE	05
ENVIRONMENT	06
REGULATORY APPROACH	10
STRATEGIC ALIGNMENT MODEL	11
CAPABILITY	16
RISK MANAGEMENT	18
PERFORMANCE	19

Coal LSL acknowledges the traditional custodians of the land on which we work. We pay our respects to its people, cultures and elders past, present and emerging.





## PURPOSE

We ensure employees are connected with their long service leave benefits.

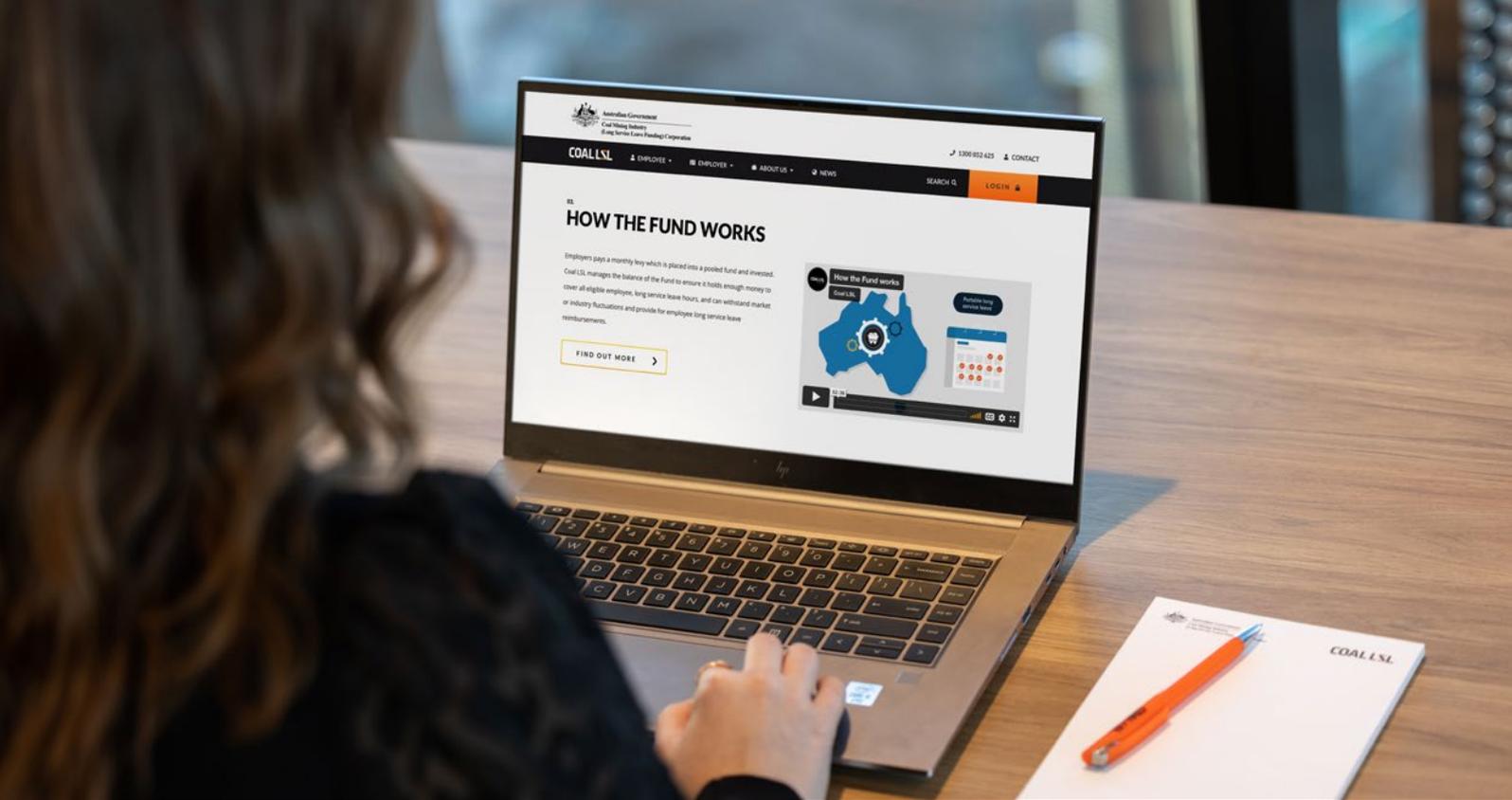
## ABOUT US

We are the custodian and regulator of the long service leave scheme for employees within 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.



## ENVIRONMENT

Coal LSL is currently operating in an environment of volatility caused by external factors including international market uncertainty and a shifting workplace relations landscape.

In June 2021, an independent review of Coal LSL was commissioned by the government of the day and conducted by KPMG Australia. In its report, which was released in February 2022, KPMG made 20 recommendations around enhancing certainty and fairness for Coal LSL's stakeholders. Of the 20 recommendations, 10 are directed to government and 10 to Coal LSL. The 10 directed to government require legislative change to address the current legislation's misalignment with contemporary work practices. The 10 directed to Coal LSL were addressed as opportunities in our previous strategic road map and will continue to be advanced through this plan while legislative reform is being progressed by government.

2021–22 was also the first year we were required to submit a Regulator Statement of Intent in response to a Ministerial Statement of Expectations. Our Statement of Intent reflects our approach to non-compliance and commitment to consistent, transparent application of our governing legislation. We continue to evolve our regulatory functions, including the development of a tailored regulatory framework aligning with the government's expectations of regulator best practice.

Coal LSL aims to meet community expectations of good regulatory practice at all times. Building and maintaining trust with our stakeholders is part of this. In this context, we maintain integrity and deliver on our purpose by holding true to our strategic priorities, our TORCH values (Trust, Open, Respect, Care, Honest), and our vision of enhancing our communities as a contemporary, sustainable long service leave scheme.



## INVESTMENTS AND GLOBAL MARKETS

The investment return for the year ended 30 June 2022 was -5.3%. The average annual returns for 3, 5 and 8 years were 3.8% p.a., 5.4% p.a. and 5.8% p.a. respectively. The average annual return over 8 years compares favourably with the actuarial earnings rate of 5.0%.

The investment objective of CPI+3% p.a. has been achieved and exceeded by an average of 0.8% p.a. for the 8-year period ended 30 June 2022.

The investment portfolio value at 30 June 2022 was \$1.96 billion, which compares with \$2.1 billion at 30 June 2021 and \$1.84 billion at 30 June 2020.

After a strong start in the first half of the financial year, both equities and bonds sold off in the second half of the financial year as high inflation, rising interest rates and recession fears impacted returns.

Historically, bonds have been seen as a portfolio diversifier during equity market sell-offs; however, this was not the case in the past 12 months. Instead, bonds had their worst 12-month return in decades as the surge in bond yields resulted in capital losses for investors.

The majority of the investment returns can be attributed to the Strategic Asset Allocation (SAA), which is the strategic roadmap for the portfolio. It should not be changed frequently because it is designed to balance and provide a long-term view of the risks and return opportunities across a range of asset classes.

However, sometimes there are significant shifts in markets which have the potential to change the path and the future outcomes of the SAA. Current examples of such shifts are inflation levels not seen for several decades combined with aggressive monetary policy tightening in the form of reduced liquidity and higher interest rates. In addition, de-globalisation and the global energy transition are long-term themes that have the potential to keep both inflation and interest rates elevated, which in turn will impact the return potential of the portfolio.

The SAA was last reviewed in June 2022. The capital market assumptions embedded in the SAA will be reviewed regularly in the year ahead to ensure any regime shifts are captured.



## OUR CHANGING INDUSTRY

As the world increasingly turns its collective mind to climate neutrality and the need to reduce carbon dioxide emissions, the coal mining industry has come under mounting pressure globally.

The landmark Paris Agreement, a legally binding international treaty on climate change adopted by 196 parties in 2015, signifies an international commitment to limiting global warming to well below 2 degrees Celsius compared to pre-industrial levels.

The announced early closure of coal-fired power stations, rising fossil fuel prices and the growing difficulty in accessing finance and approval for mining development are all factors affecting the industry in 2022.

Additionally, some producers are divesting their coal assets and others have entered the first stages of a transition away from the industry.

Despite this backdrop, there is still strong demand for Australian coal. Coal LSL remains attuned to this environment and recognises the importance of adapting with the shifting landscape to preserve effective custodianship of the scheme and ensure the needs of the industry are best served.

In addition to the changes in the coal mining industry, we navigate an interesting time in the workforce relations landscape.

With more widespread changes in employment conditions dominating the Australian workforce relations landscape, we expect to see further changes in the make-up of the coal industry workforce. Operating in this dynamic environment remains a challenge for Coal LSL given the constraints of our existing legislative frameworks which were drafted to suit the needs of the traditional coal mining workforce.



## INDEPENDENT REVIEW

In June 2021, an independent review was commissioned by the Australian Government to consider the existing frameworks of the Coal LSL scheme. The review also considered potential legislative and non-legislative measures that could ensure its ongoing success as a contemporary government corporation serving the needs of its stakeholders.

Led by KPMG Australia, the 6 principles set out by the independent review were certainty, fairness, transparency, accountability, fit-for-purpose and portability.

The report was released in February 2022. It addresses Coal LSL's unique operating environment and makes 20 recommendations designed to holistically advance the Fund to meet the industry's changing needs and align with the highest standards of public sector governance.

The themes of the report were coverage and treatment, compliance and enforcement, governance and administrative processes.

In February 2022, the government of the day supported all recommendations directed to them in the report, each of which require legislative change.

The reform will:

- ▲ Provide greater clarity to the definition of eligible employee while also ensuring that no eligible employee is worse off
- ▲ Deliver clarity and fairness to ensure casual employees are treated equitably with permanent employees
- ▲ Address legacy issues around Coal LSL scheme coverage to ensure transparency and fairness for employees, registered employers and future registered employers
- ▲ Strengthen decision making, review and dispute resolution processes to enhance accountability, certainty and compliance for all stakeholders.

The 10 recommendations directed to Coal LSL were comprehensively addressed as opportunities in the previous strategic road map and continue to be advanced within this plan. Coal LSL is committed to ensuring the holistic implementation of the complete reform agenda.



## REGULATORY APPROACH

**Coal LSL is the custodian and regulator of the long service leave scheme for employees within the black coal mining industry. It is our responsibility to ensure that employees can access their long service leave benefits and employers fulfil their legislative obligations. Part of doing this effectively is meeting community expectations of good regulatory practice and building trust with our stakeholders.**

One of the challenges for Coal LSL is a legislative framework that does not currently provide the mechanisms to address regulatory issues in a timely and cost-effective manner or provide clarity to employers on key aspects of the legislation with which they must comply.

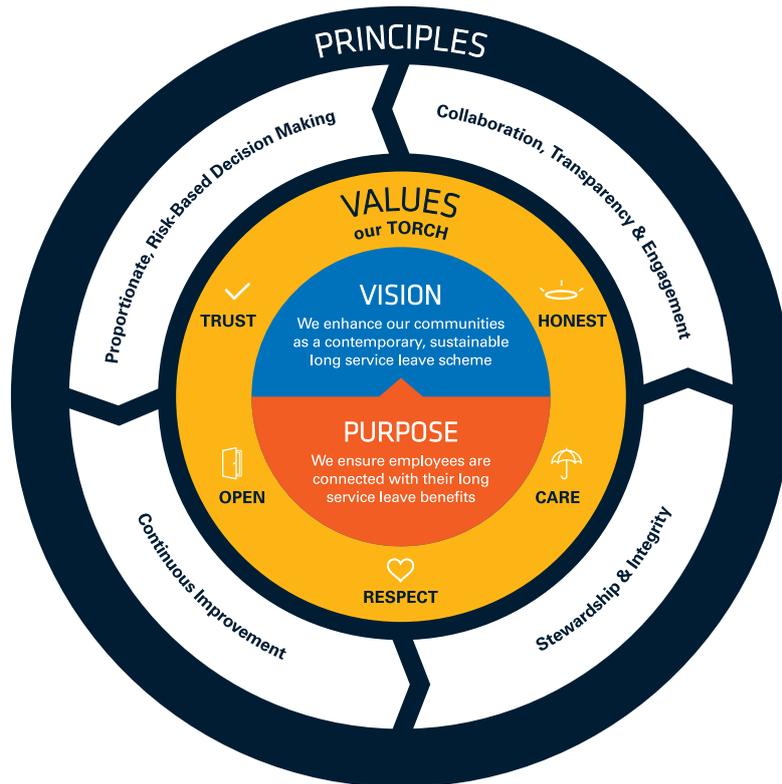
A process to facilitate legislative change is underway and resulting legislative changes are likely to impact our operations over the coming years.

In the meantime, Coal LSL continues to monitor and deter non-compliance by enforcing appropriate and proportionate regulatory action under the existing legislative framework. Historically, our compliance strategy has been built on engagement aimed at informing employers of their obligations under the legislation.

During the past year, Coal LSL has begun developing a regulatory framework which aligns with the Commonwealth Government's Regulator Performance Guide and introduces a more sophisticated, intelligence-led, risk-based approach to our regulatory activities. The framework is being built on regulatory principles and aligns people, processes and tools to deliver the functions of detection, prevention, correction and escalation of compliance issues. Implementation of the framework and the recommendations from the independent review will enhance Coal LSL's regulatory capability and provide transparency and certainty to employers and employees.

The coming year will see an increased focus on regulatory communication to support employee understanding of benefits and employer understanding of legislative requirements.

## WE ARE THE CUSTODIAN AND REGULATOR OF THE SCHEME



### STRATEGIC PRIORITIES



## STRATEGIC ALIGNMENT MODEL

In response to the changing landscape in which we operate, Coal LSL has realigned its vision and purpose.

Our vision is to enhance our communities as a contemporary, sustainable long service leave scheme by ensuring employees covered by the scheme always have confidence their entitlements are available when they need them. Employees in the black coal mining industry form the fabric of their local communities through various bonds; connecting them to their long service leave benefits improves these communities through enhanced wellbeing and positive connection.

As Coal LSL's external environment shifts, it is important we support the industry we serve by evolving and maturing as an organisation. Coal LSL's purpose is to ensure employees are connected with their long service leave benefits and, to do so, we must be attuned and adaptive to the challenges the industry is facing.



## 1: STRATEGIC PRIORITIES

Coal LSL has two important roles under our legislation: custodian and regulator of the scheme. It is our purpose to ensure employees are connected with their long service leave benefits and, with this in mind, it is our vision that as a contemporary, sustainable long service leave scheme we enhance the communities we work with, serve and operate in.

To bring our vision to life and deliver on our purpose, we are focusing on 4 strategic priorities that in cohesion will underpin Coal LSL's success. We are very clear on these: we must manage our finances prudently, we must be easy to do business with, our people must be connected and capable, and our operations must be effective.

We have a three-phase plan for the next 4 years.

First, we will be strengthening our foundations by building on existing frameworks and expanding the capability we need to move forward. The second phase will see us advancing the organisation by modernising our core processes and systems. Finally, we will position Coal LSL as an exemplar portable long service leave scheme modelling excellence through continuous innovation and improvement.



## PRUDENT FINANCIAL MANAGEMENT

**Coal LSL is an exemplar for how to manage a portable long service leave scheme.**

As the custodian and regulator of the scheme, we will continue to ensure it meets its operational costs and covers its liabilities so eligible employees can access their long service leave benefits. We do this by safeguarding the sustainability of the Fund through commitment to fiscal accountability and adherence to sound and transparent financial management, including the provisioning of timely actuarial assessments to review the long-term payroll levy rate. This enables eligible employees to have confidence their entitlements are financially accessible and stakeholders to have confidence in Coal LSL as the custodian of the scheme.



## EASY TO DO BUSINESS WITH

**We make it simple for employees to access their entitlements and employers to comply with their obligations.**

We strive to make it simple for employees to access their benefits and for employers to comply with their obligations. We are prioritising programs that enable us to keep pace with public expectation for transparent, streamlined services. Using technology, data insights and business intelligence systems, we will continue to improve the delivery of services to optimise client experiences and ensure confidence in Coal LSL as the custodian and regulator of the scheme.



## CONNECTED, CAPABLE PEOPLE

**Coal LSL is a high-performing and engaged team with specialised technical skills and pride in the work they do.**

We are fostering a talented, high-performing and engaged team of people with specialised technical skills that takes pride in the work they do in connecting employees with their long service leave benefits. We'll further build our culture of continuous improvement through organisational values that speak to our role as the custodian and regulator of the scheme, bringing out the best in our team and enhancing Coal LSL as a desirable place to work.



## EFFECTIVE OPERATIONS

**We are a risk-based and future-focused organisation delivering quality and timely outcomes.**

As a future-focused organisation, we are prioritising programs that will deliver quality and timely outcomes through insight-driven and evidence-based practices. We will use data to inform compliance activities, organisational decisions and our approach to risk. Our programs, which will deliver digital and streamlined processes, will enhance stakeholder interactions and improve productivity.

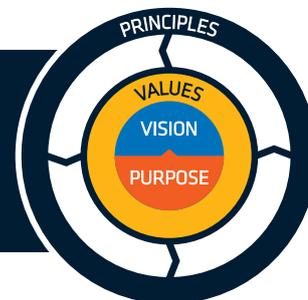


## 2: STRATEGIC PROGRAMS

**As we work to our vision of enhancing our communities, we are narrowing our focus on activities and programs of work that will enable our strategic priorities and continue to serve the needs of Australia's black coal mining industry.**

Our strategic programs are multi-year initiatives that will be prioritised and rolled out in line with Coal LSL's resourcing and delivery capabilities. They will work cohesively to enhance our success and productivity, and are grouped into 4 areas to support alignment across the organisation: regulation, technology and data, capabilities, and corporate governance.

# 2023-26 STRATEGIC PLAN



## STRATEGIC PRIORITIES



**Prudent Financial Management**



**Easy To Do Business With**



**Connected, Capable People**



**Effective Operations**

## STRATEGIC PROGRAMS

### Regulation

Building stakeholder trust in the Scheme through risk-based, data-driven and transparent processes

#### Key Initiatives

- ▶ Advance regulatory frameworks
- ▶ Enhance client experience
- ▶ Progress regulatory reform

#### Key Outcome

Enhanced employee outcomes and employer compliance through proportionate regulation and systems

### Technology & Data

Connecting employees with entitlements and supporting employers to comply through technology and data

#### Key Initiatives

- ▶ Optimise platforms
- ▶ Expand digital services
- ▶ Mature data management

#### Key Outcome

Improved service to stakeholders through secure, contemporary technology and data capabilities

### Capability

Developing the capabilities and culture to continually improve organisational performance

#### Key Initiatives

- ▶ Evolve people experience
- ▶ Strengthen workforce capability
- ▶ Enrich connection and engagement

#### Key Outcome

A talented and engaged team which drives an enhanced organisational performance

### Corporate Governance

Ensuring credibility with stakeholders through best-practice, fit-for-purpose frameworks

#### Key Initiatives

- ▶ Advance finance and performance models
- ▶ Mature governance frameworks

#### Key Outcome

A culture of integrity, leading to positive performance and a sustainable organisation

## VALUES

✓ TRUST



OPEN



RESPECT



CARE



HONEST



# CAPABILITY

## TECHNOLOGY

Ensuring a contemporary, scalable and secure technology environment is vital to enabling organisational productivity, client service quality, regulatory excellence and our broader transformation agenda.

Over the past year we have invested in technology as an enabler for Coal LSL through:

- ▲ Systems and platforms that support our modernised ways of working
- ▲ Improved automation of key components of the levy collection process
- ▲ Improvements to our operating platforms and cloud infrastructure to keep our systems current and available
- ▲ The strengthening of our cybersecurity posture.

Our technology road map focuses on operating systems and architecture improvements to progressively modernise our key operational processes. This road map will deliver increased digitalisation, improved process quality and efficiency, and improved data quality and management. We will adopt an enterprise architecture approach to ensure the road map remains aligned to our strategic direction over the longer term, with continued iteration as the organisation and environment changes.

We will also focus on our technology governance processes to ensure they mature as the organisation continues to grow and modernise, and maintain our ongoing investment in cybersecurity mitigations to safeguard our information and systems appropriately.

## DATA

We are committed to further evolving as a data-driven organisation, advancing the use of data intelligence to inform regulatory risk and activities.

Data quality and data management are vital enablers for Coal LSL to effectively administer the scheme. We will advance the multi-year data management road map, and further advance corporate reporting to drive greater insights. We will make key improvements to our data architecture to support the way we store, manage and integrate our data sets.



## PEOPLE

People continue to be our strength and remain at the heart of Coal LSL's success. As our growth and transformation journey continues, the capability, engagement, health and wellbeing of our people remain essential to ensuring our organisational outcomes are met for the good of the Fund and stakeholders.

We understand that for a workforce to deliver the best outcomes, every team member must have clarity of purpose that is aligned with that of the organisation. Our newly implemented performance, alignment and development framework is built on outcome-focused goal setting, ensuring that every team member is delivering on the right activities to fulfill our organisation's purpose.

As our organisation matures, so do our ways of working. We continue to invest in specialised training across our workforce to increase productivity and deliver timely and reliable results for our clients.

Contemporary thinking and strategies are essential to meet the demands of a growing organisation in a highly competitive talent market. To attract and retain the best talent to our organisation, we will embed an Employee Value Proposition as part of our strategy.

Investing in our people's health and wellbeing is important to us. A new office, the introduction of our hybrid working model and a fast-paced environment of growth and change provided new challenges for our workforce. Our strategy leverages the benefits of our flexible ways of working to deliver an environment that is safe, positive and supportive so we can balance the wellbeing of our people with the organisation's goals, creating a workforce that brings their best self to work every day.

The results of our annual staff survey confirm our organisational culture continues to be a key recruitment and retention advantage and depicts Coal LSL as a positive workplace environment. We will focus on maturing our survey systems and methodology to provide deeper and more frequent staff engagement insights so we can ensure our people stay connected and enjoy a positive, productive and meaningful work environment.



## RISK MANAGEMENT

Coal LSL's risk management framework is consistent with the Commonwealth Risk Management Policy and AS ISO 31000 Risk Management standard. Our risk management framework is overseen by our Audit, Risk Management and Compliance Committee which in turn supports our Board.

Strategic priorities are our areas of focus to achieve our purpose and vision. Coal LSL has identified strategic and operational risks, the areas of uncertainty that may impact on our purpose and achievement of our goals.

We identify and manage risk in the context of our performance, in line with our overall risk appetite. Strategic risks are reviewed annually by the Board. All risks are managed and regularly reviewed, further embedding an enterprise-wide risk culture.

### COAL LSL'S KEY RISK AREAS

#### FINANCIAL

Funding adequacy

#### OPERATIONAL

Organisational stability, efficiency and accuracy

#### PEOPLE

Organisational culture

#### REGULATORY

Impact of tools and activity on employee outcomes

#### STAKEHOLDER MANAGEMENT

External engagement



# PERFORMANCE



## PRUDENT FINANCIAL MANAGEMENT

Coal LSL is an exemplar for how to manage a portable long service leave scheme.

### PERFORMANCE MEASURES

MEASURE	2022–23	2023–24	2024–25	2025–26
<b>FUND SURPLUS</b>	115% (+15/-5% Tolerance)	115% (+15/-5% Tolerance)	115% (+15/-5% Tolerance)	115% (+15/-5% Tolerance)
<b>INVESTMENT PORTFOLIO RETURN</b>	CPI + 3% Over rolling 8-year period			
<b>OPERATIONAL AND CAPITAL EXPENDITURE</b>	Within budget	Within budget	Within budget	Within budget



## EASY TO DO BUSINESS WITH

We make it simple for employees to access their entitlements and employers to comply with their obligations.

### PERFORMANCE MEASURES

MEASURE	2022–23	2023–24	2024–25	2025–26
<b>CLIENT SATISFACTION – EMPLOYERS</b>	Positive measure against baseline	Positive measure against previous year	Positive measure against previous year	Positive measure against previous year
<b>CLIENT SATISFACTION – EMPLOYEES</b>	Positive measure against baseline	Positive measure against previous year	Positive measure against previous year	Positive measure against previous year

*The measures are sourced from an independent Coal LSL client satisfaction survey. Baseline measures are from the 2018 survey results.*



## CONNECTED, CAPABLE PEOPLE

Coal LSL is a high-performing and engaged team with specialised technical skills and pride in the work they do.

### PERFORMANCE MEASURES

MEASURE	2022–23	2023–24	2024–25	2025–26
<b>STAFF SATISFACTION</b>	Positive measure against baseline			

*The measure is sourced from an independent Coal LSL staff culture survey. Baseline measure is from the 2019 survey results.*



## EFFECTIVE OPERATIONS

We are a risk-based and future-focused organisation delivering quality and timely outcomes.

### PERFORMANCE MEASURES

MEASURE	2022–23	2023–24	2024–25	2025–26
<b>CORE PROCESS IMPROVEMENTS</b>	Improvement in processing times.	Greater than previous year	Greater than previous year	Greater than previous year



# IT IS COAL LSL'S RESPONSIBILITY

TO ENSURE THAT EMPLOYEES CAN ACCESS THEIR LONG SERVICE LEAVE BENEFITS AND EMPLOYERS FULFIL THEIR LEGISLATIVE OBLIGATIONS.



# COALLSL

**M:** Locked Bag 2021  
Newcastle NSW 2300

**A:** Level 10, The Store Building  
6 Stewart Ave  
Newcastle West NSW 2302

**P:** 1300 852 625  
+61 (2) 4040 0040

**F:** +61 (2) 4040 0010

**E:** [query@coallsl.com.au](mailto:query@coallsl.com.au)

ABN 12 039 670 644