



Australian Government
Coal Mining Industry
(Long Service Leave Funding) Corporation



CORPORATE PLAN 2017/18

COAL LSL



CEO FOREWORD

I am pleased to present the Coal LSL Corporate Plan 2017-18 (the Corporate Plan).

This plan continues to build on the work and commitments of 2016-17, and sets out our direction for future years. Our vision is clear – to be responsive, adaptive, compliant and effective.

We continue to evolve and advance as a business. In 2016-17 we delivered an optimised business model through insourcing our operations and becoming a stand-alone business. Evolving from a historical model of outsourced operational and client functions, the transformation was a decision of the Board last October, enabling us to design a strategy that will deliver greater benefits to our client base and stakeholders in the future.

Financially strong, with funds under management now over \$1.5B, internal resourcing is a viable and sustainable operating model. Insourcing allows us to own and deliver an end-to-end experience, that is focused on better outcomes for all stakeholders.

What will be different in 2017-18? Our enhanced business model now provides a solid foundation on which to build, and a greater flexibility to invest in tailored technology solutions and service-oriented initiatives. In 2017-18 we will focus on defining our digital transformation roadmap to realise strategic goals of an improved client experience, enhanced stakeholder engagement and streamlining of internal systems and processes.

We remain committed to purposefully engaging with employers and employees within the industry, to help them understand their obligations and entitlements as defined within our legislation.

We have seen positive outcomes through the personal interactions we have undertaken with our clients and stakeholders. We plan to further build on this compliance program to continually extend our reach and advance our role as trusted educators within the industry. An important part of this is the roll-out of a comprehensive client education framework, which will include workshops, seminars and streamlined online tools.

With our new brand, office location and workforce, Coal LSL is now in a strong position to establish itself as a contemporary, solution focused operation. We are committed to building an engaged, passionate and skilled team of employees who understand the importance of their roles in Coal LSL. Our success relies on this. Our business is committed to the development of workforce capability as a strategic priority, recognising this plan will evolve with the evolution of our operations over the coming four years.

With the implementation of the 2017-18 Corporate Plan initiatives, we are confident that Coal LSL will be recognised as an important contributor to the Australian black coal mining industry and its many stakeholders.

Darlene Perks
Chief Executive Officer

INTRODUCTION

STATEMENT OF PREPARATION

We, the Board, as the accountable authority of the Coal Mining Industry (Long Service Leave Funding) Corporation (Coal LSL), present the 2017-18 Corporate Plan, as required under paragraph 35(1) (b) of the Public Governance, Performance and Accountability Act 2013.

Mr Andrew Vickers
Chairman
August 2017

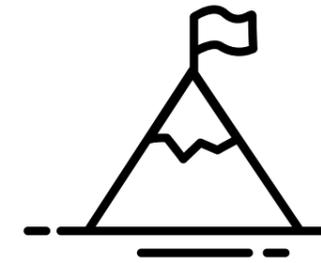
PERIOD OF COVERAGE

This Corporate Plan is prepared for the reporting period 2017-18, covering the 2017-18 to 2020-21 reporting periods.

CONTENTS

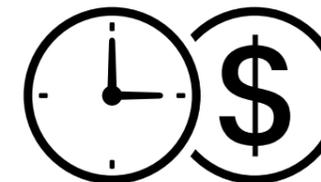
CEO FOREWORD	02
INTRODUCTION	03
Statement of Preparation	03
Period of Coverage	03
PURPOSE	05
Mission	05
Role	05
Goals	06
Strategies	10
ENVIRONMENT	13
Investments	13
Markets	13
Compliance with our governing legislation	14
Regulatory	14
Social and digital expectations	14
RISK MANAGEMENT	15
CAPABILITY	16
People	17
Technology	17
PERFORMANCE	18

PURPOSE



MISSION

To regulate and facilitate the payment of long service leave entitlements to persons employed in the Australian black coal mining industry.



ROLE

We are established under the Coal Mining Industry (Long Service Leave) Administration Act 1992.

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; and
- Enable recognition of long service leave entitlement for eligible employees.

GOALS



SEAMLESS INTERACTIONS



TRUSTED EDUCATOR



INVESTMENT EXCELLENCE



INNOVATIVE OPERATIONS



SEAMLESS INTERACTIONS – WE ARE EASY TO DO BUSINESS WITH

It's important our clients find working with us easy and can authentically describe our interactions as simple, streamlined and consistent.

It is vital that we provide timely and transparent information to ensure our clients are kept informed, and can access information along every step of our process.

To this end, we are establishing new self-service options and integrated services that will support our clients with a variety of quick and easy ways to transact with us. This will include online options, as well as continuing our commitment to personal interactions when required. All our interactions will provide a consistent experience and outcomes.

We will continue to refine our client experience by focusing on creating value in our services and customising our digital platforms according to client needs.



TRUSTED EDUCATOR – WE WORK WITH THE INDUSTRY TO DEMONSTRATE VALUE AND INSIGHTS THROUGH COMPLIANCE

Active engagement with our stakeholders is a cornerstone of our approach.

As an industry regulator, we take our responsibilities very seriously. We continue to build on our compliance focus by developing a client education framework that puts structure around the way we provide information to clients so they can meet their obligations and understand their entitlements.

To ensure we are delivering convenient and accessible services that make sense to our clients, we will further consult and test our approach through information sessions, surveys, workshops and industry consultation.

We will continue to purposefully engage with stakeholders and make a priority of educating them on our strategic goals and benefits as an organisation.

We will also build on our use of data to help tailor our services and maintain our awareness of industry trends.



INVESTMENT EXCELLENCE – WE INVEST FUNDS TRANSPARENTLY TO ENSURE SUSTAINABILITY

Our aim is to continue to maintain a surplus in the Fund of 115% (+/-5%).

We will continue to maximise the long-term investment return, while maintaining adequate diversification, portfolio liquidity and risk constraints. Our investment strategy is designed to enable the portfolio:

1. To obtain a net return from investments that exceeds inflation (as measured by the Consumer Price Index) by at least 3% per annum over rolling eight year periods; and
2. To limit the probability of an annual loss to no more than one in four years on average.

To this end, we have adopted a prudent investment strategy, focused on maintaining the strong, sustainable financial position of the Fund, and creating an opportunity to review the employer levy.



INNOVATIVE OPERATIONS – WE WILL INNOVATE AND STREAMLINE OPERATIONS AND PROCESSES TO BE MORE EFFECTIVE

Innovating our operations is about working in contemporary and responsive ways. It is our aim to streamline our processes and reduce the need for constant manual interventions.

Our proactivity will be key to this – using data and analytics with an outcome-focused approach, we will drive processes that improve our efficiency and overall effectiveness.

We will build on our agility so we can respond rapidly to changing business needs, client expectations and future digital initiatives to ensure we are perceived as a contemporary, engaging business.

We are committed to doing things better, making small changes often and using technology to achieve these goals. We want to improve our services by simplifying and streamlining our processes for information requests with easy to use, accessible online services.

STRATEGIES

FOSTERING AN ENGAGED WORKFORCE WITH THE RIGHT CAPABILITY

Focusing on the development of a workforce strategy means we can ensure we have the right skills and competencies in the business when we need them. Our strategy will inform our operations, our values, our capabilities, our culture and set a path we can follow.

It is vital our workforce is respected for its expertise. To this end we will instigate meaningful staff development plans to ensure we meet our objective as a trusted educator.

EDUCATING OUR STAKEHOLDERS AND CLIENTS ABOUT THEIR OBLIGATIONS AND ENTITLEMENTS

We will continue our journey as educators by developing and embedding an education framework of multi-channel learning opportunities for stakeholders and clients.

By strategically communicating the benefits of taking a proactive approach to compliance, we are able to put processes in place that allow us to drive client participation, and in the long-term, overall improved outcomes.

Engagement with our clients will be achieved through strategies around feedback and input gleaned through surveys and personal contact.

We will also concentrate on employers we have identified as needing reinforcement or additional support.

POSITIVELY ENGAGING WITH OUR STAKEHOLDERS IN MEANINGFUL WAYS

We will maintain the confidence of stakeholders by proactively and directly engaging with them to communicate our purpose, and how we deliver on it. This includes activities such as: inter-personal communication with individual organisations; online tools; the facilitation of workshops and information sessions; presentations at industry events; and timely and helpful responses to requests for information.

The quality of our stakeholder relationships speaks to the overall success of the business.

Refining and building strength in our connections with stakeholders will be a strategic process, as will the consolidation of our relationships with our industry bodies, employers, unions and government agencies.

Enhancing this will be our focus on building our brand recognition and value proposition to the industry.

IMPROVING OUR INFORMATION CAPABILITY TO UTILISE DATA FOR INFORMED DECISIONS AND BETTER OUTCOMES

As we move to a greater use of technology, we will make it a priority to incorporate integrated platforms that enable us to pull specific analytics from our systems to inform decisions. This will include real-time data that will enable us to be proactive, insightful and provide services that are consistently aligned to stakeholder and client expectations.

Additionally, we will leverage our analytics to assist us with client preferences and behaviours.

STREAMLINING OUR PROCESSES TO BE MORE EFFECTIVE

Our priority in this area is to develop a digital environment providing automation and integrated systems throughout the business. We will adopt an approach of continual improvement and refinement. Using analytics to measure improvement and inform our priorities

We remain focused on our data integrity to consistently validate our records and enhance our process efficiency for improved client experiences.

OPTIMISING OUR INVESTMENT STRATEGIES TO EXCEED BUSINESS TARGETS

Strong, structured governance is critical for achieving sustainable, above-average investment performance. With this in mind, we are continuing to focus on optimising our investment capability in a way that delivers investment returns beyond those outlined by our targets.

To do so, our investment governance structure and the depth of its resources will be reviewed in 2018 as a strategic initiative to take us to the next level.



ENVIRONMENT

Coal LSL continues to operate in a complex and ever-changing environment. Our environment is influenced by many factors; internal, external and regulatory. We need to remain well-informed about our environment, responding and adapting to ensure our corporate plan remains relevant and is delivered successfully.

INVESTMENTS

Maintaining fund sufficiency to cover long service leave entitlements for our clients relies heavily on the success of our investment strategy.

As was the case last year, it is widely acknowledged that the outlook for financial market returns over the medium to long-term is lower than those of recent decades.

Our investment strategy, in particular the strategic asset allocation and risk profile, is reviewed annually to determine whether our objectives can feasibly be achieved. Last year we adjusted our long-term investment objective to CPI+3% over an eight-year rolling period. Adjustments like these, though strategically important, do not impact the long-term surplus position of the Fund.

This year our review was undertaken in February, and resulted in an unchanged return objective and strategic asset allocation.

MARKETS

We have seen the coal mining industry forecast numbers stabilise. Forecast growth rates remain positive, with world coal consumption increasing to 2040 at an average rate of 0.6%/year (International Energy Outlook 2016, IE02016). According to IE02016, world coal production is predicted to increase from 2012 to 2040 by 1.2 billion tons, with combined production from Australia and other comparable coal producing regions representing 24% of the world's total production increase. The forecast numbers indicate a stabilised industry.

While we recognise nominal growth in employee numbers through the existing employer base year on year, it is anticipated real revenue growth for Coal LSL will be achieved through increased employer registrations due to converting non-complying employers to be compliant. We are committed to delivering employer education and compliance programs, resulting in enhanced compliance with our governing legislation and greater benefits to the industry employees.

COMPLIANCE WITH OUR GOVERNING LEGISLATION

The portable LSL scheme was established in 1949 and has had several iterations and legislative amendments over time.

As a result, there is some misunderstanding of the Fund within the broader client base of registered and non-registered employers, in particular relating to the coverage and application of the legislation.

It is our role to ensure rigor across our processes and ongoing compliance program, deliver a consistent educational message, and address inconsistencies in applying our legislation.

REGULATION

We continuously dedicate resources to maintain the integrity of our governance framework.

Our move to insourcing our operations has extended the regulatory environment in which we operate, and we now have new obligations requiring consideration and response.

Concerted effort is being dedicated to updating and consolidating all compliance frameworks, complete with enabling tools and activities that guide all aspects of our operations.

Our employees are attending a variety of training and learning activities designed to familiarise them with relevant policies.

We ensure the compliance framework remains current on an ongoing basis through investment in a legislative alert, monitoring and compliance management software.

SOCIAL AND DIGITAL EXPECTATIONS

The expectations of consumers – in any market – are continually on the rise, and our clients and stakeholders are no different. They want to be able to interact, obtain information and do business with us, when and however they like.

It is important we offer an integrated range of touch-points that keep our service and offering accessible through multiple channels at all times.

Timely and transparent processes are now considered the norm, with most organisations providing access to secure, self-service options. We need to give our digital services greater attention, and to use them to bring value and streamlined services to clients.

We see an opportunity to improve our service delivery and experience, mindful of the importance of data-security and uncompromised privacy.

Keeping pace with the digital environment presents challenges for the business. We have established a cloud-first approach, giving us the ability to quickly respond to trends and changes in the environment.

In 2017-18, we will maintain our focus on investing in solutions that deliver enhanced client and stakeholder outcomes.

RISK MANAGEMENT

We acknowledge the importance of meaningful dialogue on risk through maintaining and reporting on strategic, operational and project risks, and the regular review and improvement of our risk and compliance management programs.

In 2017-18, in the context of this plan, our strategic risks, as we see them, are in our ability to:

- Ensure stakeholders understand the value of the Fund and our role as a trusted educator;
- Maintain a surplus in the Fund;
- Ensure compliance with our legislation;
- Deliver efficient, effective and accurate services;
- Ensure our capability to deliver our business objectives; and
- Adapt to our new regulatory arena.

Consideration of risk information across all our activities supports a more valued, accurate and contextual view on current and emerging risk. We strive to be risk-intelligent, adopting a philosophy of learning from our mistakes and wins, and sharing this knowledge.

We will continue to review and enhance the risk framework to ensure that:

- It is aligned with organisational activities;
- It is an integrated aspect of our business and project management;
- We engage with our stakeholders in relation to shared risks;
- We have appropriate and effective mechanisms to communicate and escalate risk information; and
- There is a sound, articulated framework of accountability, responsibility and delegation for managing risk.

To achieve this, we will:

- Continue to deliver and train our employees in identifying and managing risks;
- Enable regular opportunities for our employees to discuss risks and their perceived impacts; and
- Review the risk management framework to ensure it continues to evolve.

CAPABILITY

COAL LSL IN 2017-2018

From inception until June 30, 2017, the Fund was administered by a third-party service provider.

The decision was made not to renew our administration contract when it expired on 30 June 2017. Rather, the Board made the decision in October 2016 that we would insource our operations and transition to a stand-alone business.

When we were established in 1992, our Fund was small enough that operational and client needs could be delivered successfully through a model of outsourced service providers.

Fast forward to today, and the industry we serve is more complex, operating in an ever-changing environment. To keep pace with the needs and expectations of our clients and stakeholders, we needed to adapt.

Today we have grown to a point where internal resourcing is a viable and sustainable operating model. Our optimised business model provides us greater potential to create growth, innovation and improve outcomes.

PEOPLE

Our new insourced model has marked a significant change in the capability of our people.

We have retained a depth of knowledge within the team, with 95% transitioning to Coal LSL from the administrator, allowing us to begin with a solid foundation of people who know and understand our legislation. Insourcing has also extended our capability, as we now employ skill sets and dedicated resources in new areas, therefore providing the right workforce, with the right skills to deliver on our strategic objectives.

Under the previous model, the workforce was employed by the contracted administration provider, with the focus of the team to meet contractual requirements and to process transactions within service standards and response times.

Our focus for the workforce now shifts. Throughout the transition to insourcing we have been clear on our vision for the future and bringing the team, old and new, on that journey with us. Our future mindset is about delivering whole of business outcomes.

We want our team to understand not just what they do, but what other teams within the business do, and how different functions interrelate and impact our clients. We have begun the journey with our team – moving them from only considering the immediate process to a place where they now ask themselves – ‘What is the outcome we are delivering on? Can we do it a better way?’ What are our clients experiencing?’.

Everyone at Coal LSL now forms an intrinsic part of a team that is responsible for running and ensuring the success of our business. Everyone is aware of their role, its importance and our strategic goals – short and long term.

Self-administering the Fund gives us greater flexibility with our resources. We intend to deliver on a transformational strategic plan, with many competing priorities in a constantly changing environment. How we utilise our resources to deliver those priorities now remains under our control. We can deploy our team and create an operational framework that allows us to respond to changes in workload, priorities or the environment as required.

TECHNOLOGY

Technology continues to be a developing and enabling capability for us.

By providing a solid foundation for our operations, technology enables us by providing a common platform for people, processes and systems in support of our business goals.

We remain committed to improving our technology capability by investing in solutions which improve service delivery and experience. We will focus on the introduction of enhanced digital services that integrate seamlessly and elevate the service and experience we provide our clients and stakeholders. We are developing a road map which defines our digital transformation to deliver our value proposition.

As we do this, we are striving to improve our data analytics capability to become more data-centric in our decisions and business operations. Our aim is to use our data to inform our business priorities, ensuring they are aligned to stakeholder preferences and expectations, so we can deliver a more personalised and meaningful client experience.

As ever, our digital environment will change and evolve throughout the period of this plan as a result of electronic record keeping regulation and the rapidly-changing technological landscape.

PERFORMANCE



SEAMLESS INTERACTIONS – WE ARE EASY TO DO BUSINESS WITH



TRUSTED EDUCATOR – WE WORK WITH THE INDUSTRY TO DEMONSTRATE VALUE AND INSIGHTS THROUGH COMPLIANCE

OUTCOMES

- Enhanced client experience that would be authentically described by clients as 'easy'
- Increased digital interactions and services

DELIVERY STRATEGIES

- Increase self-service options
- Create sustainable efficiencies through automation

PERFORMANCE MEASURES

- Client surveys

MEASURE	2017-18	2018-19	2019-20	2020-21
CLIENT SATISFACTION	Establish a baseline survey	Improved response from prior year	Improved response from prior year	Improved response from prior year

OUTCOMES

- Increased awareness of the Fund
- Increased engagement with clients
- Improve employer compliance with the Act

DELIVERY STRATEGIES

- Deliver multi-channel learning opportunities
- Embed the education program for clients
- Evolving client and stakeholder engagement

PERFORMANCE MEASURES

- Increase attendance at knowledge workshops
- Feedback from surveys
- Increase in employers meeting their obligations

MEASURE	2017-18	2018-19	2019-20	2020-21
KNOWLEDGE WORKSHOPS	Develop and deliver national workshop timetable	Increased workshop attendance by 5% on previous year	Increased workshop attendance by 5% on previous year	Increased workshop attendance by 5% on previous year
CLIENT SURVEY FEEDBACK	Establish a baseline positive response rate	Greater than previous year	Greater than previous year	Greater than previous year
NEW EMPLOYER REGISTRATIONS	Positive measure	Positive measure	Positive measure	Positive measure



INVESTMENT EXCELLENCE –

WE INVEST FUNDS TRANSPARENTLY
TO ENSURE SUSTAINABILITY



INNOVATIVE OPERATIONS –

WE WILL INNOVATE AND STREAMLINE OPERATIONS
AND PROCESSES TO BE MORE EFFECTIVE

OUTCOMES

- Achieve performance objectives
- Sustainable management of Fund liabilities

DELIVERY STRATEGIES

- Review and implement the investment strategy
- Enhanced monitoring and interactions with investment managers
- Enhanced monitoring and analysis of the Fund

PERFORMANCE MEASURES

- Fund surplus
- Investment returns against objectives

MEASURE	2017-18	2018-19	2019-20	2020-21
FUND SURPLUS	115% (+/-5% Tolerance)	115% (+/-5% Tolerance)	115% (+/-5% Tolerance)	115% (+/-5% Tolerance)
INVESTMENT PORTFOLIO RETURN	CPI + 3% Over rolling 8-year period			

OUTCOMES

- Provide strategic enablers to support the organisation to deliver business outcomes
- Deliver core business frameworks and systems
- Increase value-add services while maintaining a stable cost base

DELIVERY STRATEGIES

- Develop and implement the workforce capability strategy
- Design and deliver the digital transformation strategy
- Deliver process improvements and cost effectiveness strategies

PERFORMANCE MEASURES

- Design and implement the workforce capability strategy
- Operational costs within budget
- Design and implement the digital transformation plan
- Improvement in digital health rank

MEASURE	2017-18	2018-19	2019-20	2020-21
OPERATIONAL EXPENDITURE	Less than or equal to budget	Less than or equal to budget	Less than or equal to budget	Less than or equal to budget
DIGITAL STRATEGY	Design digital transformation strategy	Completed implementation of stage 1	Completed implementation of stage 2	Completed implementation of stage 3
WORKFORCE STRATEGY	Design workforce capability strategy	Completed implementation of stage 1	Completed implementation of stage 2	Completed implementation of stage 3
DIGITAL HEALTH RANK	Baseline measure	Improve on prior year	Improve on prior year	Improve on prior year

MORE INFORMATION

Visit the long service website
www.coallsl.com.au

M Locked Bag 2021 Newcastle NSW 2300
A Suite 1 Level 6, 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

COALLSL